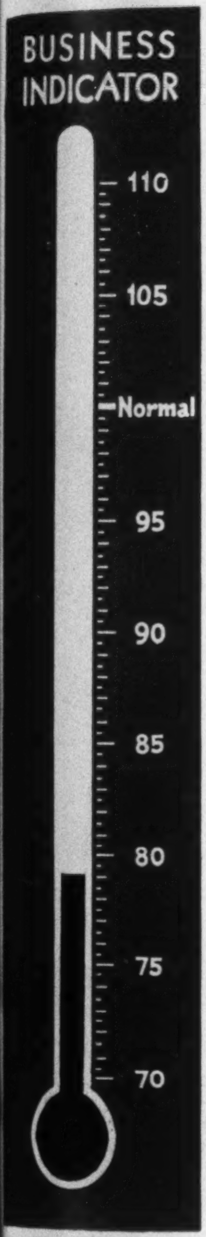
JAN 19 1931

NOV 19, 1930

THE BUSINESS WEEK

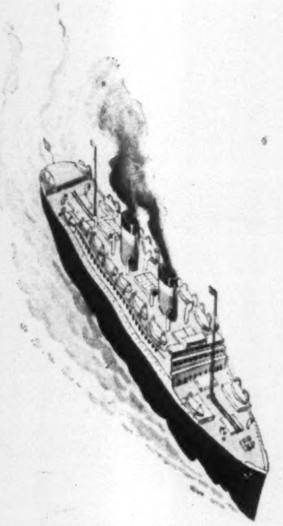


With business opinion obviously content to throw away the last two months of this year, there is nothing surprising in the continued decline of general business activity to lower levels week after week as the period of even normal seasonal stimulus passes. . . . Our preliminary index for the week ended November 8 fell further, from 81.5% of normal to 79.3%, and is evidently still feeling for the bottom in waters never before tested but probably deeper than any heretofore sounded in past depressions. . . . Declining industrial activity is pulling it down more than general trade, and this fact lends some support to the hope that the lower it goes the sooner it will turn up. That hope would be stronger if this country had only itself to consider, or if there were more immediate promise of prompt and vigorous result from the conferences of central bank heads now going on in Europe. . . . Where the wave of uncontrolled deflation has not carried them too far, commodity and stock prices are still being washed down with the tide, but the resistance of cotton and the upturn in copper are encouraging signs of at least temporary reaction. . . . The courageous determination of the automobile industry to stake something on next year is a heartening gesture of leadership where it has never failed us. . . . If financial leadership would now conquer its fatalism sufficiently to support the tottering bond market the patient could feel more comfortable and confident of a moderately merry Christmas and a happy New Year.

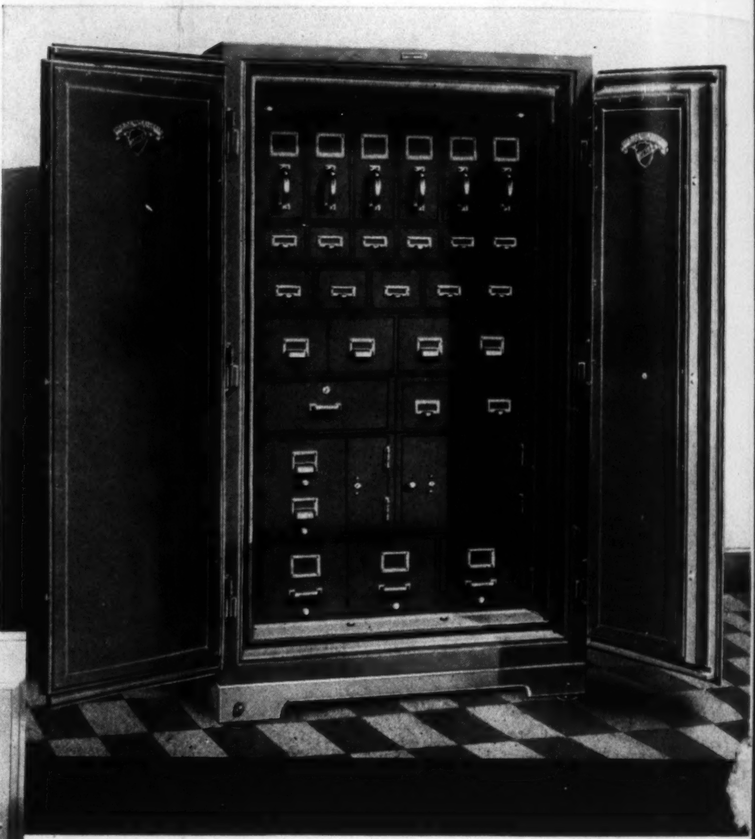
15 CENTS McGRAW-HILL PUBLISHING CO., INC.

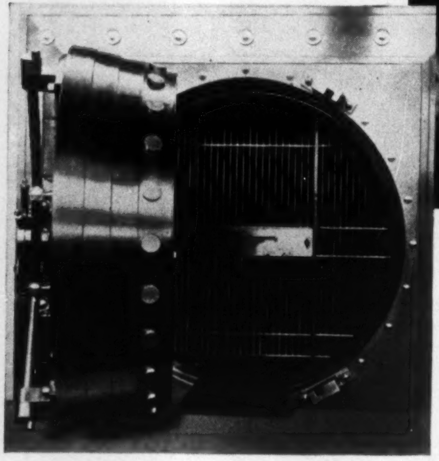
A BUSINESS THAT HAS LOST ITS RECORDS

is like a ship that has lost its rudder



Here is a Diebold Dominator Safe and here is a Diebold Vault Door, built by the same efficient craftsmen and with the same care.





THE records that guide your company on the high seas of business are vital to success. This is why you must give them *sure* protection against fire — a Diebold Dominator Safe. ★ ★ Maximum fire resistance is built into the Diebold Dominator by the same skilled hands that build the massive Diebold Vaults and Vault Doors. The same workmanship. The same care in selection of materials. The same careful fitting and testing. ★ ★ Class A rating by the Underwriters' Laboratories for the Diebold Dominator Safe is further proof of its fitness to protect the rudder of your business ship — *those vital records!*

Diebold SAFE AND LOCK COMPANY, CANTON, OHIO
SEVENTY YEARS OF BANK SERVICE

THE BUSINESS WEEK (with which is combined The Magazine of Business), Nov. 19, 1930. No. 63. Published weekly by McGraw-Hill Publishing Company, Inc., Tenth Avenue at Thirty-Sixth Street, New York, N. Y. James H. McGraw, Chairman of the Board; Malcolm Muir, President; James H. McGraw, Jr., Vice-President & Treasurer; C. H. Thompson, Secretary. $5.00 per year. 15c per copy. Entered as second-class matter February 15, 1930, at the Post Office at New York, N. Y., under the act of March 3, 1879. Printed in U. S. A. Copyright 1930 by McGraw-Hill Publishing Company, Inc.

What's In This Issue —And Why

Conference—Confidence

Europe has a simple explanation of the impending conference of central bank heads. Restoration of long-term investment confidence is the kernel of their problem. They may have to crack open the Young Plan to get at it. *(page 5)*

Elections

Stalemated in Congress, neither major party can interpret the election as a mandate for anything—except possibly a battle for political advantage. Conservatives on both sides are ready to battle against legislation that might further unsettle business. *(page 6)*

Nobody won the 1930 elections, but the power companies lost it. They are preparing to meet the new challenge to private ownership with new efforts to improve public relations. *(page 7)*

Bonds

When general business slumps, bond prices rise: that's tradition. When business continued to slump this fall, the bond market knocked the bottom out of the tradition. Immediate causes re many; fundamental cause is credit restriction. *(page 9)*

Commodities

Clearer promise of early production control takes the sting out of further commodity declines, pushes copper prices ½¢ higher. *(page 10)*

Situations Wanted

Employment relief measures continue to gather speed. Congress will be called to hurry up public works projects; New York coordinates its committees under Smith; Chicago's jobless are registered; other cities accelerate their activities. *(page 16)*

"Sell Now"

To the public, they are "Buy Now" campaigns. To retailers who have really profited by them, they are "Sell Now" campaigns, with low values, aggressive merchandising pulling more weight than snappy slogans. *(page 11)*

Chain Sales

Off in total, they are up in individual instances where good management, struck by general conditions, has hit back. *(page 14)*

New Models

With October output lowest since 1921, automobile makers look for improvement as the new models start wheels turning. Chevrolet's, out this week, 2 months ahead of time, is priced lower than ever. *(page 13)*

5:15

Railroads and commuters, old adversaries, are at it again on the New York front, with the roads crying for higher fares and the embattled suburbanites conscientiously objecting. *(page 28)*

West Indies Plums

Demand for winter cruises closer to home attracts many ships, to the indignation of the year-'round lines, and the despair of more distant climes. *(page 30)*

"Canada First"

Under the protective tariff, Canadian textiles are already looking up. Mills reopen, run full time, even build additions, with consequent employment increase. *(page 24)*

Bruening Plan

Germany's peacetime communiqués resurrect a familiar wartime phrase. Wages and prices are being "retired according to plan." The metal trades wage award, and a 20% cut in meat prices, strengthens the Bruening Plan. *(page 37)*

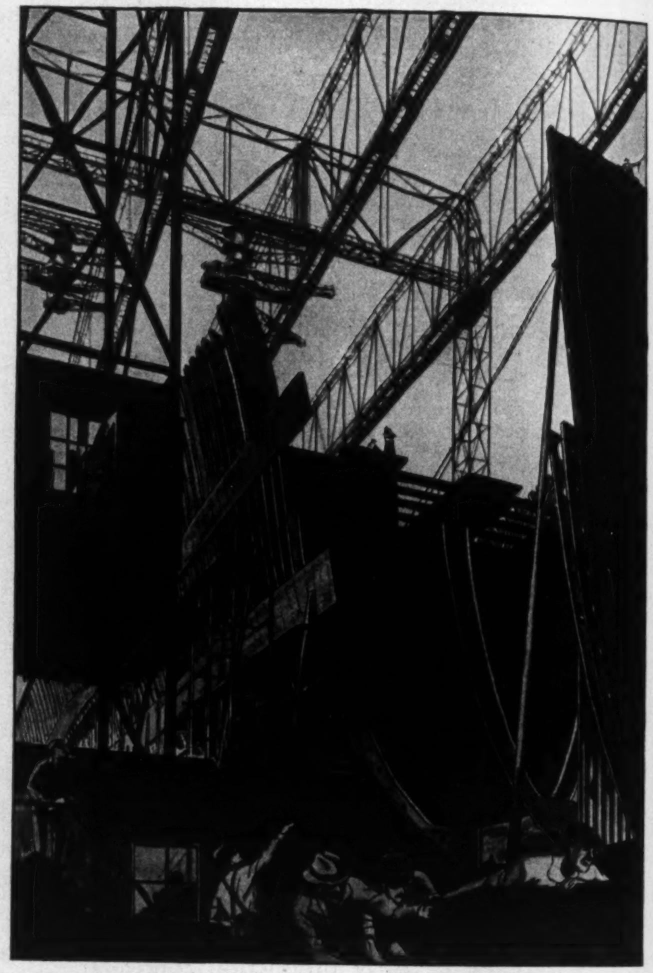
Oil

Producers used it on their troubled waters, made gains in the battle with overproduction, low prices, competition, hard times. *(page 22)*

German oil, neglected, becomes suddenly dear to the Germans; Prussia, aroused by Sinclair's bid, drills to keep the Yankees out. *(page 24)*

Building the MERCHANT MARINE

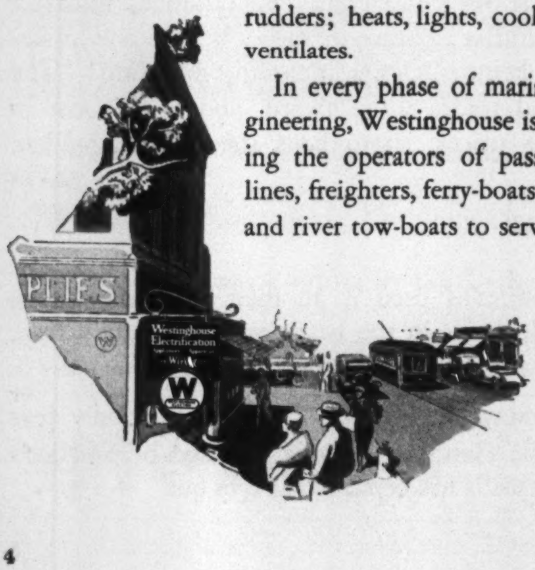
builds you a World-Wide Market



Export trade is necessary to the prestige and prosperity of America. Without the world-wide market which is brought to us through our merchant marine, mass production could not continue to afford the low unit costs which prevail today.

Today, through Westinghouse research and engineering, electricity at sea is bringing world ports closer together than ever before. Electric propulsion speeds the modern merchant fleet across boundless waterways to new records of efficiency. On the docks, electric cargo-handling machinery shortens loading and unloading time by days. At sea, electricity mans the pumps, lifts the burdens, controls the rudders; heats, lights, cooks and ventilates.

In every phase of marine engineering, Westinghouse is helping the operators of passenger lines, freighters, ferry-boats, tugs, and river tow-boats to serve you more effectively. Greater cargoes per trip, and increased efficiency in propelling, and auxiliary machinery, owe much to the pioneering development work of the same organization which contributed the first practical geared-turbine propulsion equipment. All these factors have a direct bearing on the low cost of whatever you buy to eat, wear or use.



Tune in the Westinghouse Salute over WJZ and the coast-to-coast N. B. C. network, every Tuesday evening.

Westinghouse

THE BUSINESS WEEK

The Journal of Business News and Interpretation

News of the week ending November 15, 1930

Central Bankers Must Find Key To Unlock Long-Term Credit

Situation in World Money Markets Makes Restoration Of Investment Confidence First Essential to Upturn

EUROPEAN NEWS BUREAU (*By Cable*) Practical paralysis of long-term investment confidence, except in domestic government issues, and consequent difficulty in getting gold or capital funds to move from countries where there is plenty to those that need it, is the kernel of the problem which has brought Governor Harrison of the New York Federal Reserve Bank to the impending conference of central bank heads in Europe. Before that kernel can be reached it may be necessary to crack open the hard shell of the reparations and war debts problem which surrounds it. That is probably why Owen Young is also on the scene, why the folks at the International Bank at Geneva are as busy as squirrels and why all the governments concerned are oiling up the nutcracker.

Young Plan Involved

It is impossible to float foreign loan issues or get long-term credit in the Paris, London, or New York markets so long as investors are uncertain whether the Young Plan and the inter-ally debt settlements will be washed out by the wave of deflation of prices which has increased its burdens upon Germany and the Allies by more than 10%. Private foreign investments in Germany, or elsewhere in Europe, cannot be confidently made till it is known whether the burdens of intergovernmental debts can be reduced, revised, or safely commercialized further without precipitating internal or international political conflicts.

Until this is done, France will be unable economically or unwilling politically to stop drawing to herself whatever gold or foreign exchange is freed through international trade or investment as between other countries. Until this is stopped, the central banks in the New York and London money markets will be unwilling to embark upon any policy for stimulating long-term foreign investment. Until such stimulation is given, the world-wide depression cannot be overcome.

The crisis has been emphasized by a steady process of further deflation in commodity prices due to international trade stagnation; in security markets, especially bond prices, due to loss of confidence and probably partly due to international security liquidation, during the past two months. From the point of view of the central banks the problem of meeting this situation is more one of measures needed to promote international investment confidence and redistribution of capital than a problem of uniform cheapening of money rates. Measures already taken have resulted only in almost unprecedented lowering of short-term money rates and accumulation of a superabundance of short-time funds, particularly in New York, Paris, and London.

Investors Play Safe

Further cheapening of short-term money is futile until sufficient confidence in long-term investment is restored sufficiently to bring about appreciation in bond prices, lowering of yields and long-term money rates which will stimulate a scramble for long-term investments. For example, gilt-edged issues yielding 4% to 6% in France and England have lately brought a flood of oversubscriptions, while there is conspicuous absence of response for anything remotely speculative regardless of yield. Particularly, reluctance of capital to gravitate from credit congested low-rate countries to needy but less secure high-rate countries indicates lack of public confidence in the international situation. Security, not yield, is the dominant test.

A survey of foreign money market conditions by *The Business Week's* European Bureau illustrates this general situation in individual countries.

In England, apart from desire to maintain stable exchange value of the pound, the government is anxious to conserve British credit resources until sure they are adequate to meet anticipated revival of demand by domestic and dominion enterprises. Moreover the government wishes to keep long-term money rates low to facilitate conversion of public debt from high-rate to low-rate issues.

Delay Conversion Loans

Reactions to French banking difficulties (*The Business Week*, Nov. 12) have temporarily interrupted a boom in gilt-edged securities and caused an outflow of gold from Paris interfering with a plan to place credit on a 4% basis preliminary to the debt conversion offer. The City now feels that conversion loans may be delayed and that the government may not attempt to deal with the whole mass of $10 billions worth of 5% war loans on this basis.

Nevertheless, greater activity in new capital issues in London is considered among the early symptoms that depression is lifted. A South African loan at 4½% for $25 millions issued at 95.50 was oversubscribed 15 times. Subscriptions for the 6 leading issues during October totaled 16 times the amount offered, excluding treasury bond subscriptions toward the 4% war loan reduction. The *Statist's* tabulations for October show 36 issues exclusive of conversions, totaling about $50 millions, or double the volume in October, 1929, and seven times the volume of September issues this year. Still, the month's offerings showed a conspicuous absence of foreign issues and a conspicuous oversubscription of domestic gilt-edged securities.

Sharpened Scrutiny

Holland, Switzerland, and Sweden, though showing a fair abundance of short time funds are able to lend only relatively moderate amounts due to recently sharpened scrutiny of new long-term security issues.

In France, there is a general recognition of the desirability of reform in the money market to relieve excessive credit congestion and promote distribution to countries where funds are needed, especially Germany. European suspicion that France is deliberately mobilizing gold capital for ulterior political purposes is fading and is being replaced by recognition that French money market conditions are due to peculiar factors in her position:

The Problem in France

First, the flight of French capital during the period preceding stabilization of the franc created a large fund of foreign exchange upon which France has been able to draw since stabilization. This has been emphasized by the continuous volume of foreign exchange made available through reparations payments. Revaluation of the franc upon a lower level gave marked stimulus to foreign exports which made a large volume of foreign exchange available.

Second, her provincial and rigid bank structure and money market organization, especially legal limits upon the central bank's open market operations and discount powers, made it practically helpless to influence the flow of gold.

Third, the French post-war political situation which isolated France from larger powers and alliances and made her move toward ties with smaller and less secure countries with restricted and less desirable financial outlets, strengthened traditional French desire of political advantage from foreign capital investment and intensified political control of such investments.

Fourth, recent withdrawals of existing foreign credits in France have heightened political and economic nervousness.

Europe Looks to Us

Under present political and psychological conditions in Europe reduction of money rates and capital costs will result in small stimulus to redistribution of capital unless preceded by a change of sentiment and restoration of confidence. Europe is skeptical that deflation is really ended, distrustful of symptoms of revival, fearful of a deeper relapse, and will, therefore, probably oppose artificial stimulus through international central banking cooperation, especially if coupled with war debt and reparations revision.

It feels that the initiative in restoring confidence and clearing the way to revival in all these respects must now come from the United States.

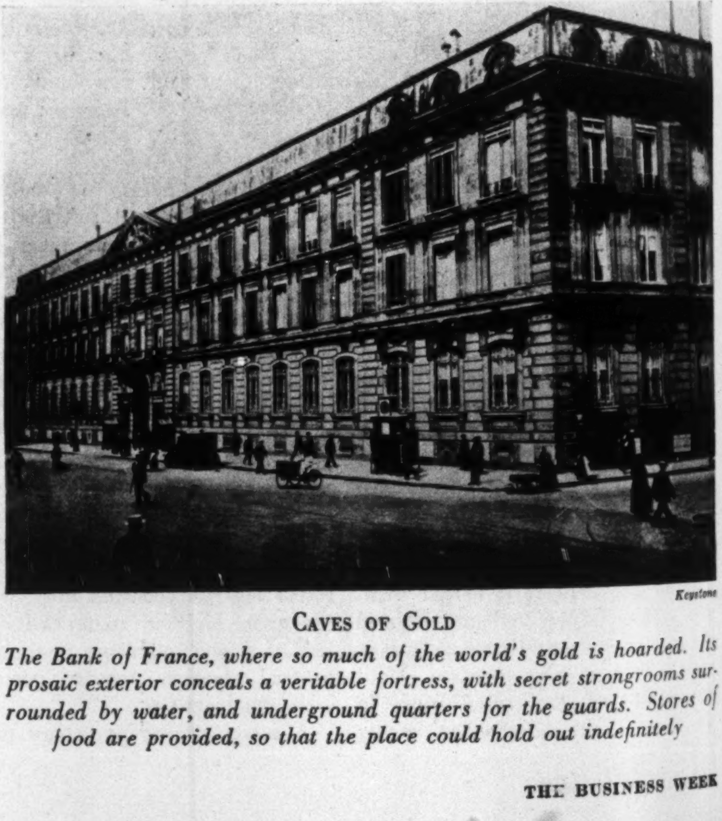
Stalemated Parties Are Both Wary of Unsettling Business

Tie Portends More Tumult Than Action in Congress; Conservatives Can Still Block Radical Measures

POLITICALLY-WISE business men are inclined to think that they need not be unduly alarmed at the uncertain Congressional situation resulting from the elections, though some groups—the utilities, for reasons given on the following page—are less sanguine. The Administration's control of Congress has, of course, been virtually destroyed and there appears to be an almost exact numerical division between the Democrats and Republicans in the membership of the 72nd Congress, which comes into being Dec. 1, 1931—or earlier if the President is maneuvered into calling a special session. The even distribution of political power will make the passage of any new bills difficult—but this, too, is a situation which need not be interpreted as bad for business. Both parties in the stalemate will be wary of doing anything to unsettle business further.

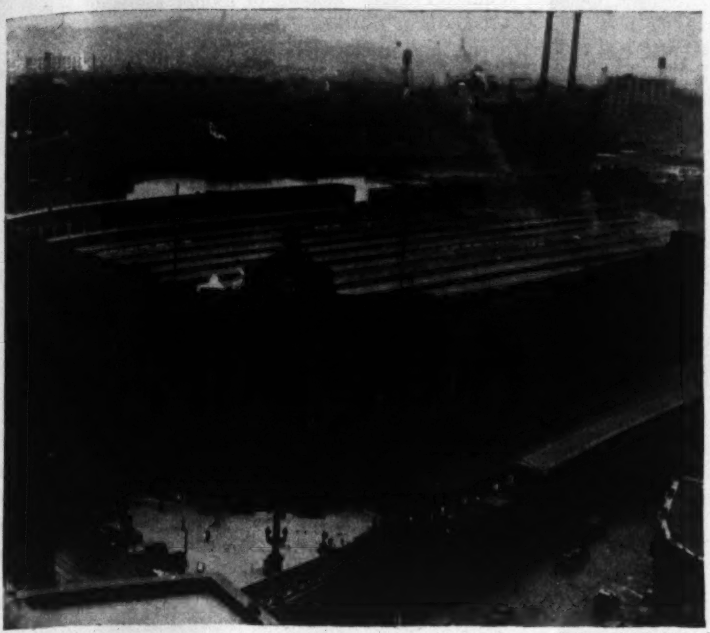
Some observers believe that business should take a cue from the Democrats and issue assurances of cooperation; that any show of apprehension might easily offset the apparently constructive cooperative efforts of the two parties in aiding economic recovery.

Filibusters will be rife in Congress from the first fall of the gavel on Dec. 1 this year. There will be a disposition to quarrel even over confirmation of presidential nominations. The big fight will center around the appropriation bills, not because of the measures themselves, but in an attempt to prevent the passage of as many of them as possible. To meet that situation, the sub-committees of the appropriations committee of the House are already in session so that supply bills can be reported out at the earliest possible moment. As the Republicans are in complete control of the House machinery during the remainder of the 71st Congress, there will be no successful interference with these bills there. The trouble will come in their consideration on the floor of the Senate where the Administration is not in control. The major supply bills


Keystone

CAVES OF GOLD

The Bank of France, where so much of the world's gold is hoarded. Its prosaic exterior conceals a veritable fortress, with secret strongrooms surrounded by water, and underground quarters for the guards. Stores of food are provided, so that the place could hold out indefinitely



Underwood & Underwood

BOSTON TEARS OFF THE ROOF

The remodeled South Station, showing the new, open train sheds which replace the old smoke-collecting roof. Work was carried on all summer without interruption to traffic. Included in the $1 million plan are a modern heated concourse and waiting room

doubtless will be debated to the limit of the physical endurance of those who are interested in bringing about an extra session.

Discussion of railroad legislation is well advanced in both the Senate and House committees, but there is little prospect of securing agreement on any proposal likely to be put forward by either committee. The Senate committee would suspend the power now vested in the Interstate Commerce Commission to authorize consolidations. The House committee wants to prohibit any consolidation of the Northern Pacific and Great Northern railroads, but is willing to continue the commission's authority to approve consolidations, provided all acquisitions of control are made illegal except when approved by the Interstate Commerce Commission. Each of the committees is seeking some way to reach the holding companies, but there is wide variance of views as to how this is to be accomplished.

Legislation providing for small loans to farmers in drought areas doubtless will be passed, and determined efforts will be made to secure action on price maintenance legislation, employment bills, regulation of interstate movements of power.

The President will request Congress to pass laws to expedite the public construction program in the interests of unemployment. The emergency appropriations that will be requested will be in the nature of an addition to the already enlarged construction program. The President has, on previous occasions, expressed a desire to have the present Congress dispose of Muscle Shoals. He also has let it be known that he desires to see the enactment of a bill providing reasonable regulation for interstate bus traffic. Incidentally, the interstate bus bill is the unfinished business before the Senate.

The fly in the ointment is the insurgent bloc. Vague fears are entertained of what this group may accomplish by virtue of its position in holding the balance of power. It is pointed out, however, that legislation of the type sponsored by the insurgents is usually as repugnant to the Democrats as to the regular Republicans. Legislative threats may be made by a coalition of anti-Administration Republicans and "new school" Democrats, but it is expected that these threats will be checked by a combination of conservatives of each party.

Protest Vote Counted

An analysis of the Democratic gain of 52 members in the new Congress discloses that these gains are concentrated in the Central Lake state area. In Illinois, 8 Democrats were elected; in Indiana, 5; in Ohio, 6. Students of politics point out that the protest vote was concentrated in these states because they have suffered more seriously than other states in the business depression.

None of these newly-elected Democrats will be placed in positions of power in the House even if the control of that body should pass to their party. The chairmanships of the important House committees would be held by Southern Democrats who constitute a conservative element of their party.

There will be but 70 legislative days in the first session of the new Congress and it may be necessary to hold night meetings in order to handle the appropriation bills. Should the passage of these measures be delayed beyond March 4, the President would have no recourse but to call a special session for their consideration.

The Election Returns Challenge Private Ownership of Power

Victory of Their Opponents Urges the Utilities To Speedy Improvement of Public Relations

CONVERSATION in the power industry this week centers around the election victories won by men of "radical" opinions on utility ownership and regulation.

Nebraska sends back to Congress Senator Norris, foremost champion of public ownership. Michigan returns Senator Couzens, advocate of federal regulation over interstate transmission. Montana restores to his driver's seat Senator Walsh, father of the Federal Trade Commission investigation into the propaganda methods of the electric light and power industry.

New York's gubernatorial election gave an unprecedented vote to Governor Roosevelt, certain to strengthen his effort to carry his St. Lawrence hydro-electric plans to fruition. His success or failure here, as well as in guiding the policy of the state Public Service Commission, will react strongly upon the presidential situation in 1932.

Pennsylvania elected Gifford Pinchot as governor on the Republican ticket against opposition from business interests which usually support the party. In the shadow of his success looms the "giant power" scheme that he fathered during his previous term. Behind his inauguration is seen an attempt to reorganize the personnel of the regulatory body in the Keystone state.

Costigan to Senate

Colorado made a senator of Edward P. Costigan, "radical" Democrat, whose allegations regarding political activities and expenditures by the Public Service Co. of Colorado were declared "absolutely untrue" in newspaper advertisements signed by company officials.

Connecticut made a governor of Dean W. L. Cross, of Yale, who found fault with the exercise of party leadership by J. Henry Roraback, president of the Connecticut Light & Power Co.

Dealing a staggering blow to their electric utilities, Oregon and Washington passed by substantial margins so-called district power bills authorizing creation of public utility districts with power to issue bonds and to condemn and take over all plants and property now supplying electrical energy in those states, placing administration of the districts in the hands of commissioners (3 in Washington; 5 in Oregon) with almost unlimited powers.

Sweeping Legislation

Approval of the measures, constituting the most sweeping legislation affecting utilities ever pased by any state, does not, of course, mean immediate state ownership of utilities in Oregon and Washington. It will be a long drawn-out and hard-fought battle. Public utility districts must be set up and bond issues passed by a vote of the people, and each attempt to create a district will be an issue in itself. Seattle and Tacoma have long wanted to expand their power systems to cover western Washington, and undoubtedly they will be the first to take advantage of the new legislation.

After pointing out that the elections "marked an added stage in the attempts to socialize the light and power industry," *Electrical World* presents the industry's idea as to what must be done to prevent further successes by advocates of public ownership: "Sins of omission and commission should be absent in the future. What the light and power industry faces today is analogous to what the telephone industry faced 10 years ago, and there is every reason to believe that the intelligence and knowledge exists in the electric ranks to build the sound public relations that were built by the telephone interests. We believe this will be done and that progress will be rapid enough to prevent injurious actions being anywhere taken by reason of the recent elections. The industry should marshal its leadership immediately for developing a positive and workable program for improved public relations. This program should measure conditions within the industry with the same precision as conditions without the industry and should be applied persistently and courageously."

Increase in Time Deposits Frees Funds for Business

THE increase in time deposits throughout this year has been one of the few factors helpful to business. Through transfer of funds from active demand deposits to time accounts as business has slowed down, banks have added to the amount of money available to them for loans or investments.

Banks which are members of the Federal Reserve system must keep 3% reserves with their Federal Reserve bank against the total of their time deposits. Against demand deposits they must keep 7%, 10%, or 13%, depending upon the location of the bank. Transfer of funds to time accounts, therefore, frees reserves and makes the funds thus released available to the banks to lend or to invest.

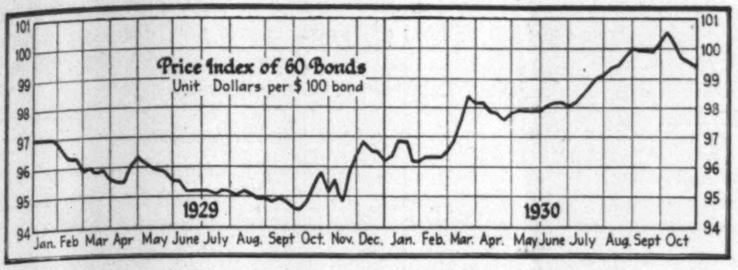
Since Jan. 1 time deposits of the weekly reporting member banks have increased by $700 millions to $7,547 millions. Demand deposits have risen by only $387 millions to total $13,839 millions. The total increase in deposits thus has been $1,087 millions since the first of the year for the weekly reporting member banks. Stated differently, time deposits were 33.7% of all deposits at the first of the year and now are 35.3% of the total.

During the same period all member banks have increased their reserves with the Federal Reserve system by only $54 millions, indicating that approximately the same trend has been followed by all member banks as by the weekly reporting member banks.

The Business Week

SWAPPING BRIDGES IN MIDSTREAM

One of the three new bridges over the Hackensack in New Jersey which replace three old ones. The switch was made right after breakfast, and before lunch Pennsylvania trains were running over them. Here a span is floated into place



Credit Restriction Explains The Paradox of the Bond Market

Bonds Are Traditionally Strong in a Recession; Their Weakness in This One Affects All Business

THE decline in bond prices, now in its fifth week, proves a discouraging and thoroughly unorthodox feature of this business recession. Average prices of leading issues have fallen back from their highs of Oct. 1 to mid-August levels. Many individual issues have dropped much farther. One average of leading domestic issues is now at its 1930 low. The Dow, Jones average of 10 leading industrial bonds has receded to levels that have been untouched since October, 1923.

Prime railroad bonds have lost but little, though second-grade rails are well below their recent highs, and the entire rail list is wavering. Public utility issues have receded considerably and are weak. Foreign issues generally are lower, and bonds of nations which have recently suffered political disturbances have dropped sharply. Only a few issues have escaped the break. U. S. Governments remain fairly strong, while issues of some undisturbed nations have held their ground well.

Question Security

The present break is due largely to a questioning of the immediate security of several groups of bonds. Economic and political upheavals in several European and Latin American nations have been reflected by breaks in both government and corporate issues of these nations. Fear of further foreign unrest has unsettled other issues.

The large decline in earnings has cracked prices in the domestic corporate list. In many cases, earnings have dropped so low as to cause concern for interest payments on the issues. Bonds are more susceptible to stock market breaks and earnings declines than they used to be, partly due to the provisions for conversion into stock and stock purchase privileges now attached to many bonds.

The rail section of the bond market has been unsettled by fear of liquidation of some issues by savings banks and other semi-regulated investors, largest holders of railroad bonds. The New York State law, for example, provides that, to make its bonds legal investments, the company issuing them must have earned all fixed charges at least 1½ times in 5 of the 6 preceding years.

Rail Bonds on the Edge

Decline in rail earnings has brought many issues near the point where they go off the legal list. Among prominent issues of this group, statisticians mention those of Illinois Central, Nickel Plate, St. Louis-San Francisco, Southern Pacific, Wabash, and B. & O. Since such liquidation would further break the market, New York savings banks deny that they will sell, say they will seek an amendment to the present law when the legislature meets in January to prevent forced liquidation.

Another cause for concern is the expected issuance some time in the next few months of between $300 millions and $400 millions of municipal issues approved at the recent elections to provide funds for public works. Such an increase in supply can not readily be absorbed. The long-range effect of the elections is particularly depressing on public utility bonds, as well as public utility stocks, for the reasons pointed out in another article in this issue.

But the inability of the bond market to develop strength during the present business depression, despite these unsettlements, is wholly unorthodox. Previous depressions have always provided strong bond markets, due to plethora of idle funds seeking investment, to the inherent strength in bonds and to the good yields obtainable. Powerful bond markets have traditionally been precursors of business upturn *(The Business Week,* Aug. 27). Hence many of the summer predictions that upturn in business was not far distant. Large bank purchases of bonds in recent months with funds not loaned elsewhere were, in part, inspired by the fact that bonds usually strengthen during recession. The downturn is thus unusually depressing.

Lack of demand for bonds has been the underlying cause of weakness, and evidence accumulates that this has been due basically to a lack of credit, resulting in a shaky market throughout the year. The result of this weakness has been the inability of the market to withstand the pressure of the transitory factors previously mentioned.

Tracing Credit Shortage

That credit restriction in this country has gone farther than business contraction, and thus directly affected the funds available for investment in the bond market, can be shown by the figures. Current business activity, as measured by *The Business Week's* index, is about 20% below the level of a year ago. Yet the volume of Federal Reserve credit outstanding has contracted 38% during that time. And, although figures of the 800 weekly reporting member banks indicate that commercial bank credit has contracted little during the year, these figures have proved inaccurate. Thus, while they indicate a considerable increase in bank credit for the first 6 months of 1930, figures for all banks in the country, recently made available, show that credit really contracted by $309 millions.

These facts explain the seeming contradiction of a weak bond market in the face of low money rates. The so-called "low" rates actually exist only in the most liquid forms of investment. Thus call money is 2%, bankers' acceptances 2@1⅞% and commercial paper 3%. These rates are not indicative of the supply of credit, and come about only through extreme demands for liquidity.

Financial Strangulation

Shakiness of the bond market resulting from this lack of credit has been much more serious than a mere decline in prices, and bodes ill for the future. For the inability to sell bonds results in the financial strangulation of many forms of business.

It is having a serious effect right

now. Bond issues in New York this year have exceeded by a considerable amount the total last year, but have hardly made up the deficit from normal which came about last year when the entire demand was for stocks. In addition, many of the issues nominally floated this year still lie undistributed in the hands of dealers, hampering future flotations.

The situation in the foreign loan market this year is even worse than that encountered in domestic bond flotations. Foreign loans by this country during the first ten months of the year totaled about $1,100 millions, about the same as 1928 and well under 1927. Though this total is above the $680 millions of 1929, it is only normal or less-than-normal, leaving the deficit of last year still unrelieved.

In Britain, the other great foreign lending nation, foreign loans for the first ten months totaled $461 millions, only a little above the $420 millions for the same period last year. The total is still far below 1928's $578 millions and 1927's $563 millions. The total of new flotations, both foreign and domestic, in Britain thus far this year has been $973 millions, far below any of the preceding 3 years.

Commodities, Though Irregular, Reflect Stabilizing Tendencies

COMMODITIES have continued irregular and, in some instances, very sharp breaks have taken place, yet the stabilizing tendencies which have been visible for the past few weeks remain in evidence. The fresh fall of wheat to a new bottom record and the recession of cotton prices are not surprising when account is taken of the general situation. Stability comes around gradually and the road to it is by no means even.

Of outstanding significance this week is the advance of ½¢ in the price of copper. There has been talk of a higher price ever since the negotiations for the curtailment of world production were opened, and producers have been reluctant to sell at the old price. The moment for the advance from 9½ to 10¢ coincides with the announcement of a decrease of 780 short tons in October production and with reports that the copper producers have virtually come to agreement. Domestic sales at the new price are substantial, and there is a feeling that the price will not only hold but may advance further, when the restriction scheme is put into effect.

Plan Believed Legal

Reports vary as to the figure of curtailment to be decided upon, but it is believed that the reduction in output will approximate 23,000 tons a month, an amount sufficient to lift the market out of its present unfavorable position. American participation with foreign producers in the plan for world curtailment has raised the question of the applicability of the Sherman Anti-Trust Law. No official or unofficial opinion is expected in Washington until a concrete program has been set in motion. Nevertheless, it is believed that American producers can participate in the restriction scheme without illegality, as executives of foreign copper companies and as members of Copper Exporters, Inc., the export association of American producers under the Webb-Pomerene Act.

Another sign pointing towards price stability is the increasing movement to adjust production to actual consumption. The Cuban House of Representatives has approved the financial part of the Chadbourne sugar plan by a large majority, and is now discussing methods of raising the sugar to be segregated from the market.

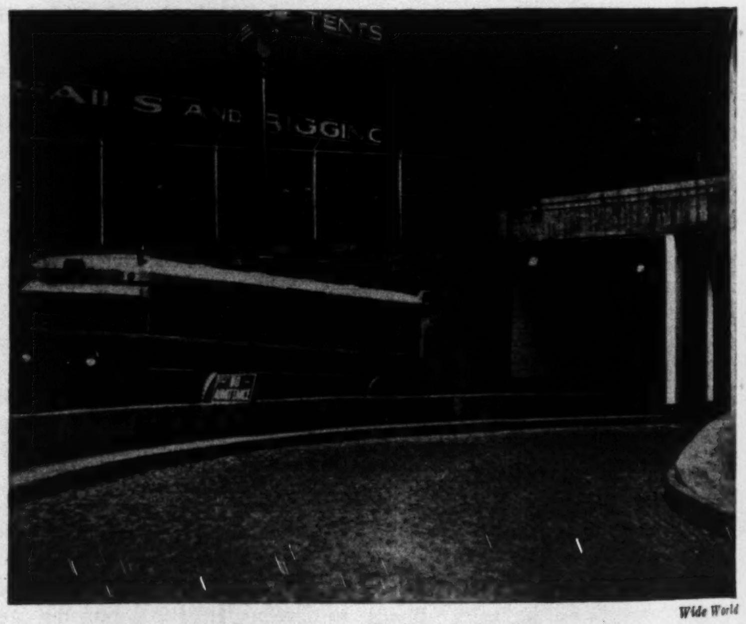
Oil Solves Problem

The oil industry is taking effective steps to meet the problem of excessive surpluses. Continuing the downward movement that has been in progress for several weeks, the restriction of output during the week ended Nov. 8 brought production in this country to the lowest figure since 1928.

Statistical reports on the cotton cloth industry show that stocks on hand decreased 10.6% during October and are lower than at any time during the past year. This situation will undoubtedly exert a stimulating effect on raw cotton. Meanwhile, prices on sheetings and print cloths are firm. The decline in cotton seems to have had no effect.

Prospects in cotton have improved with the publication of an unexpectedly small crop estimate of 14,438,000 bales, against 14,486,000 bales a month ago and 14,828,000 bales last year. The ginning figures are also under the total for the same period last year. Ginning of the 1930 crop prior to Nov. 1 totaled 10,863,601 bales, as compared with 10,891,940 bales ginned prior to the same date last year.

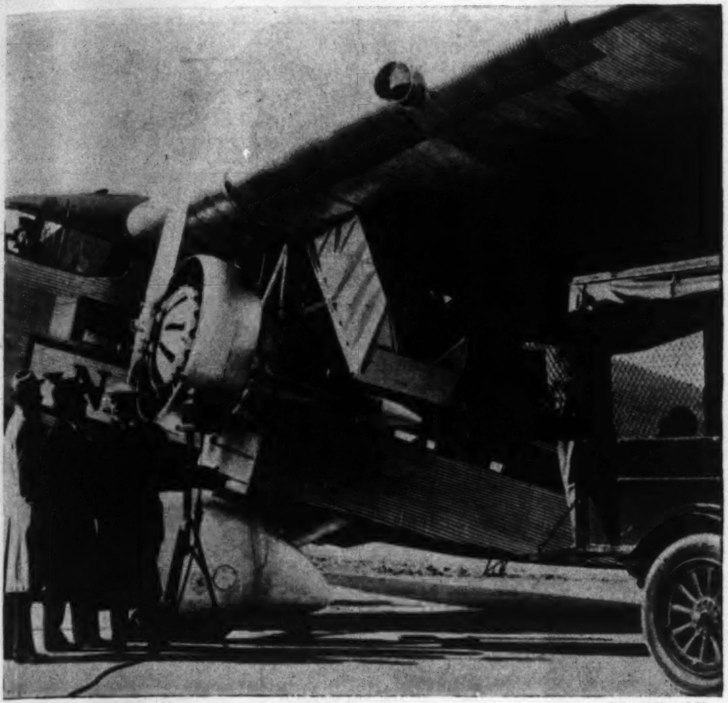
The official estimate of United States corn crop is now put at 2,094,481,000 bushels—2.3% above the Oct. 1 forecast, but the smallest crop since 1901.



Wide World

DETROIT TO WINDSOR, BY BUS

The American entrance of the International Tunnel. Shuttle buses like this run on tires specially designed to be puncture-proof, avoiding traffic tangles



International News

MORE ROOM FOR THE MAILS

In the new Ford transports, mail is carried in the wings, dumped speedily into the waiting truck. Col. Paul Henderson, president of National Air Transport, Earle Wadsworth, superintendent of the air mail, and W. I. Mayor, of Ford Motor Co. welcome the first load

Business Watches Spread Of "Buy Now" Campaigns

INTEREST in the "Buy Now" campaign as a business stimulant, as an agency of unemployment relief continues to be reflected in reports from many cities. Results obtained in Philadelphia's "Buy Now" campaign (*The Business Week*, Nov. 12) have spurred other communities to action and definable results are reported—also some doubters.

Merchants Report Gains

Interesting is the effort sponsored by Lions Clubs in various cities under the slogan "Business Confidence Week." Boulder, Colo., claims business double the normal volume as a result of its "Business Confidence Week," finds sales holding up after the end of the campaign. Little Rock, Ark., merchants credit its "Week" with increases of 40% to 50% over seasonal gains, see comparatively little slackening up 2 weeks after intensive drive ended. Savannah, Ga., reports increases of 40% over normal during the campaign and even more accelerated buying for 2 weeks thereafter. Camden, Ark., went 50% ahead on its effort, expects corresponding results from continuing the campaign to the holidays.

At Muskegon, Mich., a "Bust the Buyers' Strike" campaign has called for the spending of specific amounts; e.g., urged the family man with over $2500 annual income to spend at least $100. Campaign sponsors made their goal the placing of at least $100,000 of extra money in circulation during the week. At the end of the week 8% of the total number of retail stores reported more than $200,000 increase in business over the previous week, 80% higher than the comparable week of 1929.

Tonawanda, N. Y., merchants adopted the plan of offering goods "at cost" on certain days to stimulate buying. Bellefontaine, O., has launched a long-pull business-boosting program of "Best Buy Days."

In North Carolina a state-wide "Buy Now" campaign was inaugurated Nov. 10, while Colorado and Oregon have similar plans and other states are watching with keen interest.

Chicago splits on the issue. One group believing in quick-acting methods participated in a "Business Confidence Week," boasts over $30 millions in extra business; another prefers building for the long pull, is organizing a "Steady Buying Steadies Business" campaign. Sharpest criticism of "flag-waving methods of sales stimulation" has come from this group.

The "Thompson Lottery"

From a Chicago hospital where he is recovering from an operation, Mayor William Hale Thompson issued on Armistice Day his long-promised plan "to triple Chicago's business in 90 days." In brief, the author of the stirring slogan, "Throw away your hammer and get a horn," proposes a million-dollar cash lottery, lottery tickets to be given with purchases, the whole scheme to be "handled in some way to keep within the law." Advanced rumors of this have swerved many Chicago business men from endorsement of the "Buy Now" idea for fear they would play into the Mayor's hands.

Chicago's Association of Commerce was impressed by the scheme, but unfavorably. Craig B. Hazelwood, vice-president of the First National Bank, spoke for the association, didn't disguise the disapproval of Chicago business. "Lottery plans or any other flag-waving methods of buyer stimulation can, of their very nature, be only temporary in their effects. The experience of other cities which have tried stunt methods of prosperity-building has been that while sales took big jumps during the excitement, the reaction was more painful than ever, with sales and resultant employment in the following weeks dropping to new lows. This is no time to stir up thoughtless buying by people who are financially in no position to be carried away by popular hysteria. Rather, our big job is to get those whose income has been unimpaired to shoulder the responsibility.

"The great majority of people are still nicely off. They only need to be shown the wisdom of making normal purchases while prices are reasonably low, thus putting money into circulation, increasing business, and putting thousands back to work."

Requires Better Selling

One of the interesting reactions of "Buy Now" campaigns is that prices on many commodities, presumably already based on prevailing low wholesale costs, generally suffer further adjustment downward. Merchants find that the buying public scrutinizes goods and prices with unprecedented care, looks for goods that present exceptional values, refuses to be carried away by overpowering advertising appeal—thus forcing careful store buying at the same time that reductions in mark-ups obtainable compel new operating economies, increased efficiency to prevent profits from completely disappearing.

From the success of these campaigns many merchandisers draw the conclusion that buying has been withheld less for lack of funds than for want of better values. Similarly, that concerns which have found sales low and business unprofitable, have had this experience less because business cannot be had than for lack of aggressive sales effort to obtain it.

Washington Prefers "Sell Now" Campaigns

"Buy Now" campaigns have only the qualified endorsement of federal officials. They are endorsed where substantial reductions in prices have been made, but consumers are being cautioned to inquire into the 1929 price of the article offered and to confine purchases to goods priced substantially lower.

The thought is advanced that the drive should be designated as the "Sell Now" campaign, in which prices would be cut to the point where they will induce buying in volume. While the actual savings of wage earners are less—increases in savings deposits are due to business funds that cannot be employed more profitably elsewhere—the country has an enormous power that can be tapped if real bargains are offered. But Washington suspects that some of the more enthusiastic "Buy Now" advocates have made no reductions whatever in their prices; sees it as "a plain fact of the situation" that those who have buying power now are, in many cases, the more discriminating who will not purchase goods not actually needed until the percentage of saving looks like a good investment.

National Advertisers Gear Up Sales Machinery

Advertising's best friends made themselves its severest critics this week when the members of the Association of National Advertisers met in Washington for their 21st annual convention. Urged by their president, Bernard Lichtenberg, Alexander Hamilton Institute, to tighten their grip on the rising costs of distribution but not to exaggerate those costs by charging against sales the new load of service charges that has been piled onto the expense of doing business, they spent 3 crowded days discussing ways and means of making advertising produce more orders at less cost and with less waste.

Official Washington gave due attention to the significance of this meeting at a moment when business is counting heavily on the efforts of its advertising executives and salesmen to show the way out of the slump. President Hoover came to the A.N.A. banquet to tell the representatives of 300 of the biggest buyers of advertising space in the country that public good-will toward both goods and producer is the essential goal of sound advertising, that no business could succeed "upon the sale of an article alone." Departmental officials turned out to convention sessions in response to the A.N.A's announced determination to take greater advantage of the sales and market data gathered by the government, to encourage close cooperation with governmental regulative activities, such as those of the Post Office, the Food and Drug Administration, the Federal Trade Commission.

Wide World

For Bigger and Better Chevvies

The gentlemen in the flower garden are the officials of the Chevrolet Motor Co. Before them are 1,200 dealers gathered to greet the 1931 model. Longer, larger, dressed up with wire wheels, it will still sell for less. Left to right are C. F. Barth, vice-president (manufacturing); H. J. Klinger, vice-president (sales); William S. Knudsen, president; and M. E. Coyle, vice-president

Where Buying Now Will Help Most

The "Buy Now" campaign's aim is to stimulate normal buying. The idea is that purchases made now to fill normal needs will not only be made at bargain prices, but will stimulate production and thereby relieve unemployment. This assumes that employment will be increased as much by buying one thing as by buying another.

The determining factor, however, is the relative productivity of labor in making different things. To meet increased demand, an industry whose productivity is high, as a result of improved processes and machinery, would not need to enlarge its working force to the same extent as would one of low productivity. If productivity is measused by the per capita value added to goods by an industry through its manufacturing processes, those manufactures showing the lowest figures are likely to be the ones where employment will gain most from increased buying. Among them are: Cotton goods, gloves, lumber and timber products, shirts, knit goods, woolen goods, watches, clay products, shoes, silk manufactures, sewing machines, carpets and rugs, glass, furniture.

New Models Brighten Future As Autos Hit New Low

THE National Automobile Chamber of Commerce estimates October output at 157,000 cars and trucks—lowest since 1921. The industry, looking up from this new low, now feels that the future must be brighter—the past being what it is.

Signs are encouraging, indicate that October was the year's low; that November and December production will not decline farther, because many makers must go into active production soon, to supply dealers with the new models to be presented at 1931 shows.

Chevrolet has already started operations on its new model, according to president W. S. Knudsen, and will present it Nov. 15, 2 months ahead of time, to relieve unemployment. The new Chevrolet has a graceful, low-swung body which gives an appearance of size and stability. Priced lower than ever, it should stimulate consumer demand considerably.

Ford's reaction to this move is uncertain. He maintains that no major design changes are contemplated in the Model A, but another price cut, if the new Chevrolets run too deeply into the Ford field, would not be unexpected. Meanwhile Ford output is slowly dropping. October production was below September, November is running less than October, and indications are that December will bring still further curtailment. The 3-day week still prevails at the River Rouge plant, but actual operations are shrouded in the usual secrecy.

Last week, Hudson returned to active operations; added 3,500 employees; began work on new models of Hudson and Essex cars which will be announced prior to the shows, late in November. Franklin has just offered 2 new models at reduced prices. Other makers, expected to bring out new models by show time, which will accelerate production within the next few weeks, include Dodge, Oakland, Pontiac, Oldsmobile, Hupmobile, and Marmon. Marmon-Roosevelt is reported to have a front-wheel-drive ready, which includes some new departures in automotive design.

Ford "Truck-aways" Add To Railroad Worries

FORD has "gone truck-away." On special trailers that hold 4 complete Ford cars, Ford tractors make deliveries from assembly plants to dealers. In Illinois, 100 of these units will serve dealers in a 300-mile radius.

Other manufacturers have been using the highways thus for some time, to such an extent that the railroads estimate they will get only 40% of the automobile delivery business for 1930. With Ford adopting the method, 1931 will see heavier cuts into a traffic that in 1929 paid the railroads $200 millions.

Automobile manufacturers claim for the truck-away system that it saves packing expense, loading and unloading costs, is more flexible. Railroads contend many private trucking companies, doing the work under contract, are granting rates that will bankrupt them —being, so the railroads say, for the most part men of small business experience, persuaded into the business by truck salesmen.

In any event, the practice is spreading with amazing rapidity. Truck-away deliveries on regular schedule are made from Detroit to Kansas City. Automobiles move from Detroit to Duluth by boat, by truck to Minnesota and the Dakotas.

Use of boat and truck combination hauls moves cars from Michigan to New York and New England. Buicks, Pontiacs, and Oaklands travel to Chicago from Pontiac and Flint, Mich., in double-deck trailers that hold 6 cars. On the return trip, the trailers carry Nash cars from Kenosha and Studebakers from South Bend. Routes are steadily being lengthened.

Ford distributors bear the delivery cost of cars, so the truck-away system is nominally launched by them, but it has factory sponsorship and undoubtedly will be extended to new territories. Longest haul of Fords recorded—Seattle to Montana.

New Delco Fan Is Step In G. M. Diversification

PROGRESS in General Motors Corp's program of wide diversification is indicated by announcement through its new subsidiary, Delco Appliance Corp., (Rochester, N. Y.) of the Delco line of electric fans.

Purchase of Day-Fan Electric Co. of

Underwood & Underwood

SKY PARADE

Nearly 100 dealers and customers of the Hupmobile Company gathered in Chicago before taking off for Detroit. They flew to the factories, drove their new cars home. Other cities participated in this second annual "driveaway"

Dayton, Ohio, a year ago foreshadowed entry into this field, although the Delco line, now ready, represents an entirely new product, designed by General Motors engineers, and manufactured in the plant at Rochester, operated by North East until G. M. acquired it.

Delco fans come in all standard sizes, 8 in. to 16 in., straight or oscillating, are finished in black enamel, have new built-in oscillating mechanism, extra quiet duraluminum blade, new type of multiple vacuum cup base to make them "stay put."

Distribution is planned through established electrical and hardware wholesale and retail channels, to the exclusion of present dealers and distributors of other General Motors products such as Frigidaire and G. M. radios.

Chain Store Sales Off 7.97%; Yet 15 Chains Gained 1% to 36.9%

Reports of October business provide some interesting comparisons, support the belief that in some quarters executive aggressiveness is lacking, demonstrate that the public has not stopped buying, warrants the conclusion that some business men have lost sales because they have almost stopped selling.

Chain store sales, considered reliable indicators, show that total October business of 41 systems decreased 7.97% from the October, 1929, high. However, 15 of those chains actually increased their business from 1% to 36.9%. Most of the increases were made by medium-sized chains, doing from $1 to $3 millions a month. Of the 14 large chains doing over $3 millions monthly only one, W. T. Grant & Co., records an increase (14.9%) while the others report decreases of from 1.8%, (S. H. Kress & Co.) to 17.8% (Sears, Roebuck & Co.), with National-Bellas Hess sales down 34.4%.

Figures of the same 41 chains, covering first 10 months of 1930, show that sales of 24 still average 14.2% higher than totals for the same months of 1929. The important influence of management on performance is indicated by the fact that no single group shows uniformly good or bad business. Certain large grocery chains report a decided loss of volume while another records remarkable increases. One chain of department stores shows an increase of over 10% while another similar chain, although it added over 60 stores during 1930, reports 3.47% less sales. All mail order houses suffered declines in volume.

Sales of the Great Atlantic & Pacific Tea Co. during October were 4.75% below 1929 while tonnage gained 5.82%. Total dollar volume for 10 months of 1930 is $901 millions, up 5.16% over 1929, while tonnage moved increased 15.06%. The fact that dollar value per ton of merchandise sold remains about 10% below 1929, makes the gain in dollar volume more significant. The company has been advertising comparative price lists showing the difference between 1929 and 1930 prices. Potatoes, for instance, are 25% lower, canned peaches down 45%, canned tomatoes down 33%, other items from 1¢ to 14¢ per unit cheaper.

Grand Union Tea Co. reports for 40 weeks sales 11.8% higher than the comparable 1929 figure without increase in number of stores; because of operating economies, profits are 29.6% higher.

Thrift Stores, Ltd., Montreal, Canada, records a 15% increase in dollar sales during the 6-month period just ended, although all declines in commodity prices have been passed on to consumer.

At Dallas (Tex.) the Titsche-Goettinger Co. recently staged a special store-wide sale, set as an obtainable quota a 9.2% increase over the previous record, employed over 400 extra sales people, finally finished with a 97.3% increase.

The Business Week

"Two in the First Five Rows"

The ticket pool of the League of New York Theaters. Reservations made through Postal Telegraph are not good at the box office until 8 P. M. Theaters hope to encourage business by thus curbing the "gyp" speculator

Trade Commission Ready; So Is Opposition

With opposition to proposed code changes gaining strength with every day of delay, the Federal Trade Commission finally decides to hear cases on Nov. 25.

Meanwhile the industries, now operating under rulings agreed upon after trade practice conferences, have organized The Congress of Industries, and retained as counsel Louis E. Flye of Boston, general counsel for the National Plumbing and Heating Institute; E. Barnett Prettyman, Washington, D. C.; and Sol A. Herzog, New York.

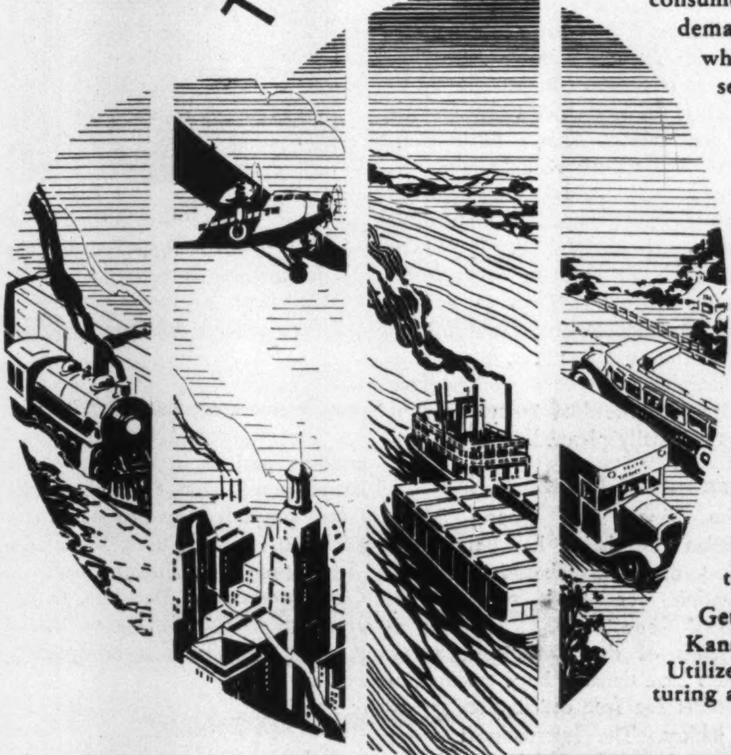
THE SHORTEST, MOST INEXPENSIVE DISTRIBUTION ROUTE TO 19 MILLION PEOPLE

COMPETITION is tightening. Goods move most satisfactorily and profitably over shortest distances between producer and consumer. Retail dealers rightly are demanding the sort of service facilities which enable them to give promptest service with minimum stocks.

Here, in one of the country's best prospering territories, 21 million people look to Kansas City as the principal source of commodity supply. And, of this vast group, 19 *million are served more economically from Kansas City than from any other market.*

Kansas City has every transportation advantage. Twelve trunk line railroads radiate in every direction giving fast passenger and freight service. The 6-ft. Missouri River channel is almost completed. Regularly scheduled airplane service connects Kansas City with every section of the country. Here, too, is an important center of truck and bus transportation.

Get nearer this vast market. Serve the Kansas City territory *from Kansas City.* Utilize its transportation and manufacturing advantages to your own profit.



New
IN KANSAS CITY

Engineers report that the 6-foot Missouri River channel to the Mississippi is almost completed, almost ready for barge line operation. This new-old transportation artery shortly will give low-cost water connections with all inland waterways and with the seaboard.

♡

INDUSTRIAL COMMITTEE OF THE CHAMBER OF COMMERCE OF
KANSAS CITY, MO.

The Heart of America

INDUSTRIAL COMMITTEE, CHAMBER OF COMMERCE,
KANSAS CITY, MISSOURI

Please send me the facts about Kansas City. I am interested in the ________________ industry.

Name ________________

Firm ________________

Address ________________

City __________ *State* __________

"I saw your advertisement in The Business Week"

Emergency Appropriation Sought For Unemployment Relief

President Will Ask Congress for Money to Expedite Public Works—Cities Coordinate Plans

CHIEF interest in unemployment relief this week centered about the Presidential announcement that Congress, convening next month, would be asked for an emergency appropriation—amount still undecided—to be used in expediting public works in addition to the $500-million program now under way. This move was favorably received, though some point out that it is unlikely that distribution of the proceeds of such an appropriation as wages could be started for many months, suggest that the administration sees extended unemployment carried over well into 1931, even beyond the usual spring upturn of industry.

Col. Arthur Woods, chairman of the President's Emergency Committee for Unemployment, caught the public ear this week when he exchanged information about unemployment relief activities with the 48 state governors or their representatives by long-distance telephone. Results of these conversations were uniformly encouraging. Most states have organized relief measures; see no urgent need of outside aid aside from the coordinating activities of Colonel Woods' committee. Following these talks the colonel made a radio talk to city mayors and local officials; asked them to report what they are doing to meet the situation.

Woods Names Aides

Three new aides have been named by Colonel Woods: Lewis H. Brown, president, Johns-Manville Co., will coordinate industrial activities in the East; William Phillips, of Boston, has been made New England regional director; Capt. J. F. Lucey, of Dallas, becomes Southwestern regional director. According to Dr. Lillian M. Gilbreth, director of women's activities, the women of the country are responding to the "give a job" campaign "marvelously."

Secretary Lamont, as chairman of the National Conference of Street and Highway Safety, recommends that work be provided by civic housecleaning in traffic. He suggests provision of new and better traffic signs; removal of obstructions to view; extension of snow removal operations; completion of needed curb cut-backs. In response to a request from Governor Emmerson of Illinois, Secretary of War Hurley will issue all available army cots and blankets for the relief of acute distress conditions.

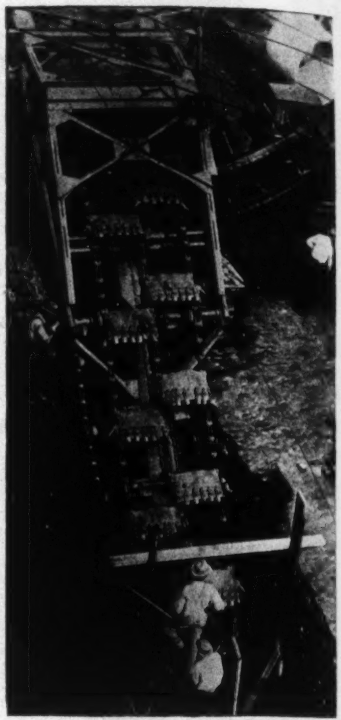
New York city relief activities have been unified and strengthened by the appointment of the Welfare Council Coordinating Committee of 100 members with former-Governor Alfred E. Smith as chairman. Duties will be to coordinate the work of the city authorities, the various citizen relief committees, and all other fund-raising, relief-rendering, and job-promoting agencies. The Emergency Employment Committee, headed by Seward Prosser, has raised $1 million toward its promised $6-million fund to provide winter emergency jobs. Acceding to protests from many sources, it now contemplates giving 3 days' work a week at $5 a day instead of 5 days' work at $3 as originally planned.

Organizations Enlist

The New York Young Men's Christian Association has offered the services of its membership and organization for local relief work. Farmers' agents and commission merchants of the New York public markets have donated huge amounts of foodstuffs for free distribution among the jobless. The International Apple Growers Association, seizing the double opportunity of Apple Week and a bumper crop, gave New York jobless a chance to earn $12,600 in the sale of apples at 5¢ apiece.

Chicago's army of unemployed began to register at 352 public schools in the city; 85,000 of the estimated 150,000 out of work have enrolled. The Illinois state Commission of Unemployment has been worried by threats of evictions of jobless; has guaranteed rents of persons who are unable to pay because of lack of work.

Richmond, Va. plans to borrow $900,000 at once in order to go ahead with street and highway improvement programs scheduled for 1931. Rochester, N. Y. is to appropriate $250,000 to provide emergency jobs. A 5-day week has been authorized for all municipal building projects in this city. At the last election Dayton, O. passed an additional ½-mill levy to provide an extra $200,000 for the Family Welfare Department of the Community Chest Fund. City employees of Hamilton, O. have agreed to give 2½% of their salaries for the next 3 months to unemployment relief.



Pacific & Atlantic

DITCH-DIGGER

The world's biggest makes way for a storm sewer in Los Angeles. Speaking of unemployment, it does better work than 1,000 men

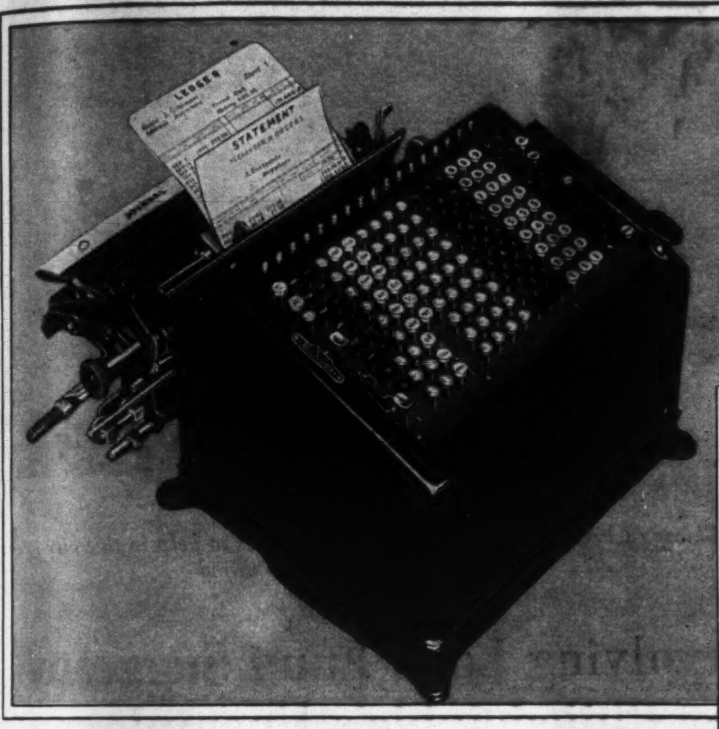
New York Total Off

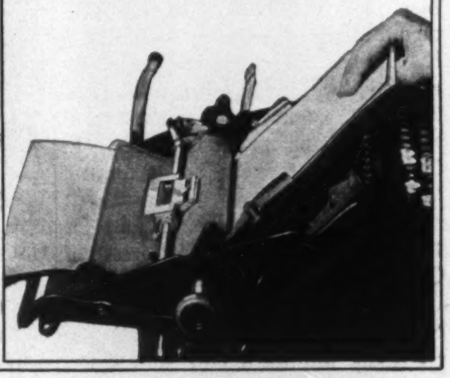
Perhaps it is too early to expect definite results from this much-too-long delayed public interest in a national problem; nevertheless, if conditions in New York state may be taken as a criterion, unemployment is still growing. Miss Frances Perkins, industrial commissioner, reports that during October, New York employment declined 1.7% from September, is now 18% below October, 1929. Normally, October is the state's peak employment month.

The trend toward substitution of women workers for men, at lower wages (*The Business Week*, Oct. 29), is one development that is causing no little worry to Colonel Woods and his advisers. The subject is being investigated to determine just how extensive the

Burroughs

NEW BOOKKEEPING MACHINE





FRONT FEED CARRIAGE

Faster and easier to operate, as it combines the speed of cylindrical platen posting with the speed and convenience of front-feed insertion, alignment and removal of forms.

Posts two or more records in combination in handling any kind of accounting work such as accounts receivable, accounts payable, payroll, general ledger, distribution and stock records.

Also provides full-width proof journal containing a complete transcript of all postings.

Call the local Burroughs office for a demonstration on your own work, or write for special descriptive folder.

Time required for operations in inserting, aligning and removing forms reduced to the minimum. The operator, seated at the machine, uses only one hand to insert, align and remove forms. Front insertion also eliminates the inconvenience of turning forms around platen. The journal, remaining around the platen, automatically spaces up for each posting.

BURROUGHS ADDING MACHINE COMPANY, 6161 SECOND BLVD., DETROIT, MICH.

BACKED BY WORLDWIDE BURROUGHS SERVICE

practice is. It is in such situations as this that the evils of the double-wage standard are realized, according to Mary Anderson, head of the Women's Bureau, Department of Labor. Ethelbert Stewart, veteran commissioner of labor statistics, says that the number of women workers would be reduced one-third if they were paid the same wages as men.

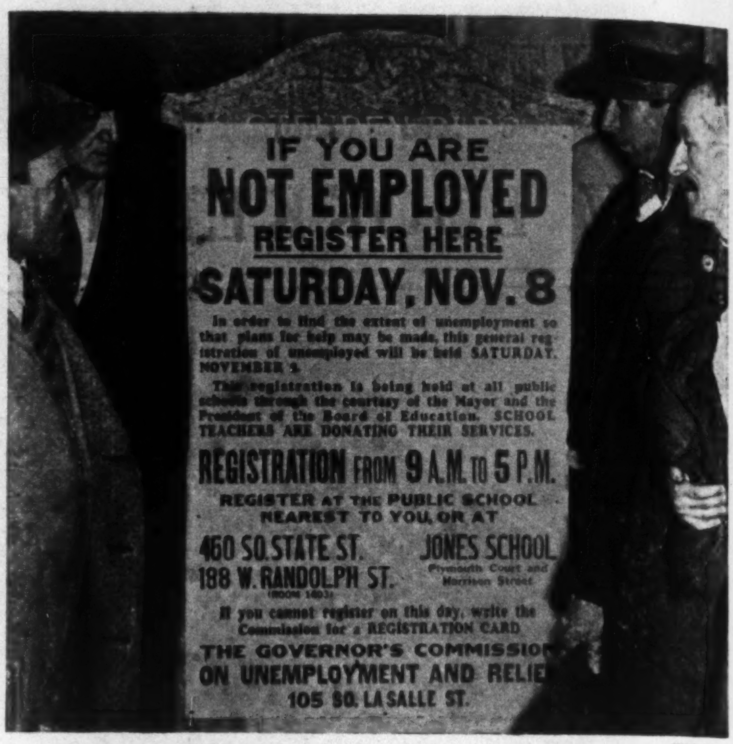
Railroads Re-open Shops; Take Back Employees

COUNTING up the toll of new jobs provided this week to give work to the unemployed, observers found the railroads still taking a leading part in meeting the emergency. They also noted new activities in other industries, including some curious hook-ups of relief work and sales promotion.

New York Central Railroad shops at West Albany, East Buffalo, Cleveland, Depew, and Harmon, N. Y., Avis, Pa. have been reopened with 5,300 employees. New York, New Haven & Hartford Railroad has reopened its shops at New Haven and at Readville, Mass.; has taken back 1,750 men. Chicago, Burlington & Quincy Railroad Co. has formed an emergency relief organization which will solicit funds from the 38,000 employees of the system to aid former employees now jobless. In Cleveland, 1,775 conductors, motormen, and bus drivers will lay off 5 days each month to provide additional jobs for 728 men; 800 other employees of Cleveland Railways get a 10% cut.

The new Ford plant at Edgewater, N. J. is being started up, is operating at practically full force now with 4,500 employees. Secretary Mellon is being importuned by Staten Island, N. Y., business men to stave off the threatened stoppage of work on the Gulf Refining Co. $50-million plant there. It is claimed that only $10 millions have been spent so far; that ample finances are available to complete the project; that plans are ready. Despite this, workers were recently notified that 2,500 men would be laid off and operations closed down by Jan. 1.

An unusual job and sales promoting activity has developed in Toledo, O., where the Home Furniture Co. offers job certificates to purchasers of its goods, redeemable in work in the company's warehouses and stores at 50 cents an hour. Purchases amounting to $25 to $49 bring the buyer a job certificate good for 4 hours' work, which he can turn over to a jobless person directly or pass on to some welfare agency.


IF YOU ARE
NOT EMPLOYED
REGISTER HERE
SATURDAY, NOV. 8
In order to find the extent of unemployment so that plans for help may be made, this general registration of unemployed will be held SATURDAY, NOVEMBER 8.
This registration is being held at all public schools through the courtesy of the Mayor and the President of the Board of Education. SCHOOL TEACHERS ARE DONATING THEIR SERVICES.
REGISTRATION FROM 9 A.M. TO 5 P.M.
REGISTER AT THE PUBLIC SCHOOL NEAREST TO YOU, OR AT
460 SO. STATE ST.
188 W. RANDOLPH ST.
(ROOM 1403)
JONES SCHOOL
Plymouth Court and Harrison Street
If you cannot register on this day, write the Commission for a REGISTRATION CARD
THE GOVERNOR'S COMMISSIO
ON UNEMPLOYMENT AND RELIE
105 SO. LA SALLE ST.

Wide World

COUNTING THE JOBLESS

Chicago school teachers contribute their services to help in this city-wide registration of the unemployed

Revolving Loan Fund Suggested For Philadelphia's Unemployed

HARRIED unemployment relief organizations in many a city are turning their eyes to Philadelphia this week to scrutinize the measure suggested by a Philadelphia jurist as capstone to the relief program that business men of the City of Brotherly Love have been building for the last 3 years.

Judge Horace Stern has seen revolving loan funds, distributed through the discreet hands of Philadelphia probation officers, tide amateur lawbreakers over economic emergencies that had started them from the straight and narrow path. Similar funds, he told Philadelphia's Committee of One Hundred on Unemployment, provided by the committee, split into small sums, administered by experts, would serve to tide jobless workers over the industrial emergency. Since loans would be immediately spent for food, fuel, and clothing, he said, they would yield immediate returns to the manufacturers from among whom they would have to be raised. Even among the courts' clientele, Judge Stern added, losses from dishonesty have been negligible and the court funds have been loaned and reloaned 4 times over in the few years they have been available.

Raising revolving loan funds will be an easier task for Philadelphia than for cities less well organized to meet the unemployment emergency. Its own organization has been on the job since the winter of 1927-28 when the Industrial Relations Committee of its Chamber of Commerce began to interest employers in ways and means of regularizing employment and stabilizing business through cooperative effort, welding them into the liberally financed Philadelphia Business Progress Association.

Ask Employers' Aid

To meet last winter's need for immediate relief, rather than long-time planning, the committee launched an appeal to employers to make repairs, renovations, enlargements, and improvements which ordinarily would have been postponed until warm weather; to manufacture for stock; to order goods, machinery, and equipment that would give work to other concerns; to develop side-lines, new markets, for off-peak seasons; to make every effort to maintain normal operations in face of the depression psychology. The response to this appeal, which is now being redoubled, was, and still is, remarkable.

1 Down; 3 Out

Philadelphia's big industrialists are today being told that when they drop one worker from the payroll, they take, on the average, 3 persons from the buying ranks, thus decreasing by that much the current demand for their products. Business and neighborhood associations, the churches, and the press, are being enlisted in the effort to open every possible job to mechanics, artisans, laborers. A special sub-committee is devoting its attention to meeting the needs of the 3 months—January, February, March—when unemployment is usually at its worst; has been holding conferences with employers in the hope of developing practical palliatives for the winter ahead.

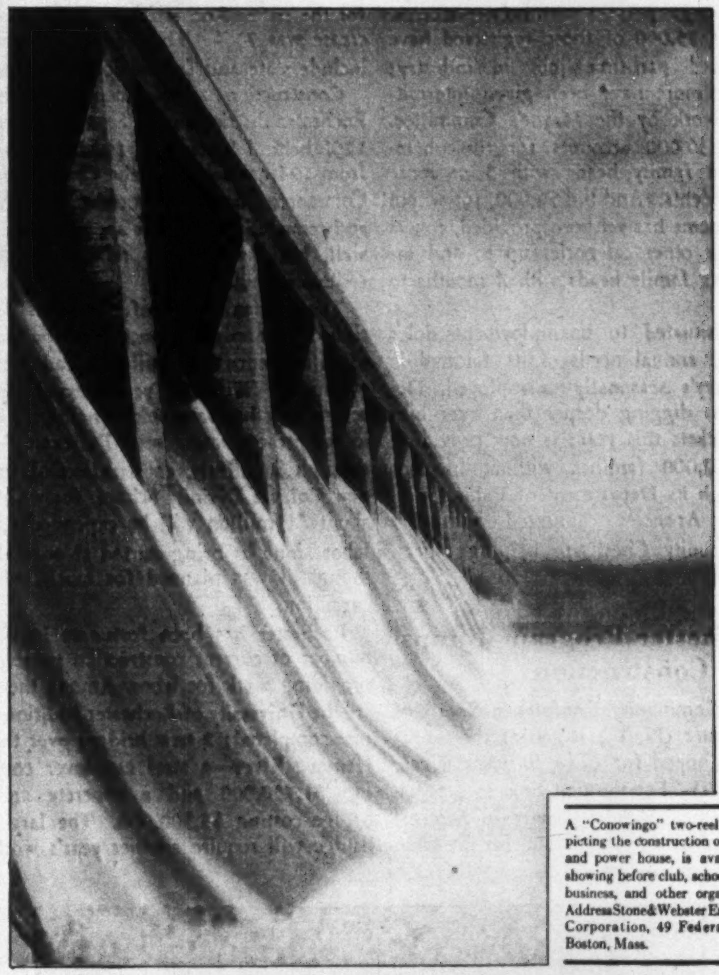
Through cooperation with city authorities, municipal construction has been stepped up so that, from a low point last winter, amounts actually expended in this way have steadily increased until present monthly payments on account of city contracts are the largest in the history of the city—and these are only for work for which money is immediately available.

Philadelphia's "Buy Now" campaign (*The Business Week,* Nov. 12) has been seized upon by the Retail Merchants Committee of the Chamber of Commerce as another avenue to more jobs. Philadelphians are being told that if, instead of curtailing their expenditures in fear of unemployment, the country's wage-earners would each add 15¢ a day to their expenditures, they would provide employment for more than a million workers at $6 a day.

Detroit's Best Effort Is Many Jobs Too Few

DETROIT experience offers significant commentary on the rate at which emergency relief measures can cope with an unemployment crisis; demonstrates the inadequacy of such measures as a substitute for coordinated preventative action by business and government.

Some 86,000 are now registered on the city's roster of unemployed. Relief plans, speedily formulated, carefully worked out, supported by local industries that have endeavored to stretch jobs as far as possible, have undertaken



BUILDERS AND ENGINEERS For The BUSINESS LEADERS OF AMERICA

A "Conowingo" two-reel film, depicting the construction of the dam and power house, is available for showing before club, school, college, business, and other organizations. Address Stone & Webster Engineering Corporation, 49 Federal Street, Boston, Mass.

CONOWINGO

Largest Hydro-electric Development Ever Built in One Step—

The Conowingo hydro-electric development of The Philadelphia Electric Company System, designed and built by Stone & Webster Engineering Corporation, supplies 378,000 horse-power to Philadelphia and vicinity. It was completed six months ahead of schedule.

STONE & WEBSTER ENGINEERING CORPORATION

A SUBSIDIARY of STONE & WEBSTER, INCORPORATED

to provide for the jobless in order of number of dependents, those with the most mouths to feed first, tailing off with single persons with no dependents. About 25,000 of those registered have obtained part-time jobs in industry; 5,000 more have been given intermittent work by the Mayor's Committee. This 30,000 accounts for the unemployed family heads with 5 or more dependents. And the 56,000, for whom no income has yet been provided, covers all the other categories up to and including family heads with 4 mouths to feed.

Habituated to unemployment doles by the annual needs of its automobile industry's seasonally unemployed, Detroit is digging deeper than ever into its pockets this year; is now providing for 12,000 families without incomes through its Department of Public Welfare. Agencies connected with the Community Chest are helping others.

Rochester Program Jumps Fall Construction

THE Community Conference Board of Rochester (N. Y.) is getting the results it has hoped for (*The Business Week*, April 9). For the first time in 3 years, Rochester building activity in September increased over the total for the same month of the previous year. Within the city there was a gain of 43% in permits issued compared with September, 1929; for the entire Rochester district, the increase was 73%. These reports do not include state and federal jobs.

Construction employment in the Rochester district during September was 12% behind September, 1929. Reports from 194 contractors to the Chamber of Commerce show that public building and remodeling activities are holding up well, but that there is relatively little residential building.

The Community Conference was designed primarily to smooth out the seasonal unevenness of building trade employment. With 10 years' experience behind it, it has been able to help greatly in the present emergency. For example, through its efforts, construction of the new Colgate Divinity School, for which about $1 million will be expended for labor alone, is being started at once although it was planned for much later execution.

Rochester has been fortunate in the number of current construction projects providing work for labor. Among these are the University of Rochester additions, just completed; 2 new bridges over the Genesee River—a steel cantilever costing $1,750,000 and a concrete arch bridge costing $3,500,000. The larger bridge will require another year's work before completion; the steel bridge will be finished within a few weeks. In addition, there have been a new Medical Arts Building, a new Genesee Valley Trust Building, an addition to Eastman Kodak Co. executive office buildings, and many smaller projects.

Munitions Orders Urged For Unemployment Relief

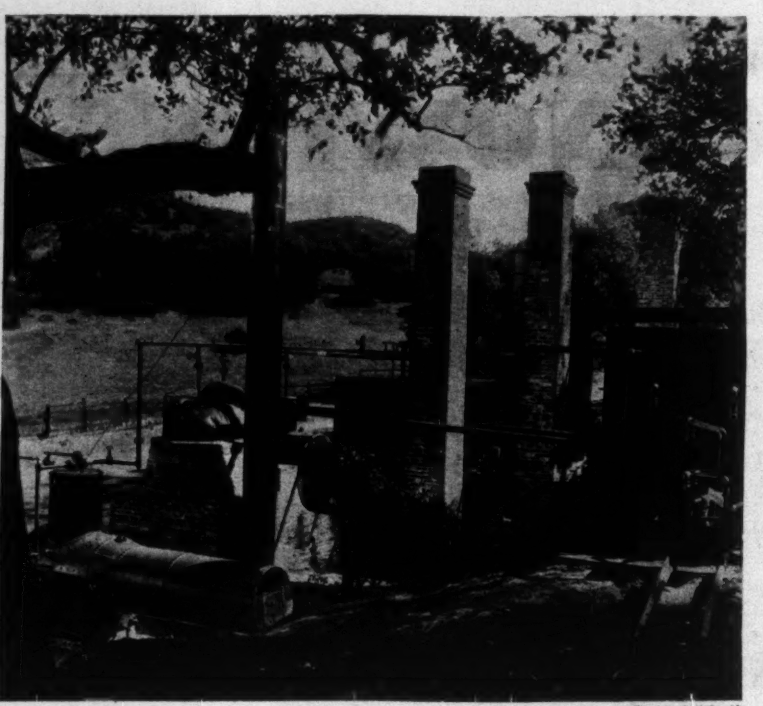
LEGISLATION by Congress to permit so-called "educational orders" for munitions to be placed by the government with private industry not only as an important part of national defense but as an unemployment relief measure, is urged by Frederick H. Payne, Assistant Secretary of War, charged with mobilization of industry in national emergencies.

Writing in *American Machinist*, Mr. Payne points out that educational orders would acquaint industry with munition production problems; that, at the present time, with many plants idle and large numbers of skilled machinists and tool makers looking for work, trial orders would be of particular value. Plans for such orders are already prepared, he asserts, and action could be taken within few hours if enabling legislation were passed. The idea has been urged for many years as a national defense measure.

Labor Asks Wisconsin For Employment Protection

THE Wisconsin Federation of Labor is preparing to press for passage in the coming legislative session a bill to permit the state to loan funds to employers at 3% interest in order to tide them over depressed periods and give continual employment to workmen.

Opposing the stand taken by the American Federation of Labor at its recent Boston convention, the Wisconsin group will also seek a compulsory unemployment insurance act—as "a preventive measure, not a dole." They contend that employers put forth no effective effort toward making work places safe until the cost of compensation insurance forced them to do so; claim that the cost of unemployment insurance will similarly induce employers to active efforts toward stabilization of their operations. In addition, it is suggested that insurance companies will aid greatly in finding ways of eliminating involuntary unemployment once they become interested in insuring against it.



Pacific & Atlantic

A SENTIMENTAL GESTURE

California's first oil refinery, at Newhall, is restored to its original condition, made a monument to the industry, by the Standard Oil Company

WHERE DO WE GO FROM HERE?

OPEN season for loose talk and loose thinking on what is oracularly called The Business Situation is right now in full swing.

The homely fact is, business is neither as bad as the croakers say, nor as good as the hopers would like to believe.

Every hard-bitten realist who today sits closeted with his worries in the Front Office knows that sales are tough to get, but *can* be had.

Also he knows that general prosperity, like a major football victory, is not to be won solely by the vocal pep of the cheering section.

NO sane man expects boom business in America to return in parade formation all on a given date, like an infantry outfit reporting for duty.

There never has been a time in this or any other country when all businesses were prospering, or all businesses were not.

Right now, there are bright particular stars shining profitably in the commercial twilight—in every line of merchandise that you could name.

Melon-cutting will be generally in order when enough other firms emulate their stalwart example, and *compel* the record sales they now desire.

IF you want to hasten that day in your case, now is a fine time to supplant the idle question "How's business?" with "*Where's* business?"

Better than that, take a good, unwishful, morning-after look at your product, your sales plans, yourself.

Is the commodity you make and hope to sell, styled, finished, priced to present needs — if your market knew the facts about it would it sell itself?

Is your selling-energy out full-limit, are your sales and advertising plans extraordinarily gauged to extraordinary resistances — or are you cutting the power just as you are trying to make the hill?

About yourself, and this is more important than you might think: along with experience, imagination, judgment — have you a plenitude of plain old-fashioned Nerve?

If your business yields the right answer to these three simple and elemental questions, *bet on America and don't worry about where you are going from here!*

THE SATURDAY EVENING POST presumes to venture a word on this subject because it harbors not the slightest doubt about its own direction.

It is marching steadily ahead now as it has for thirty years, to the tune of an additional hundred thousand readers every year, exactly on the course it charted for itself a long, long time ago.

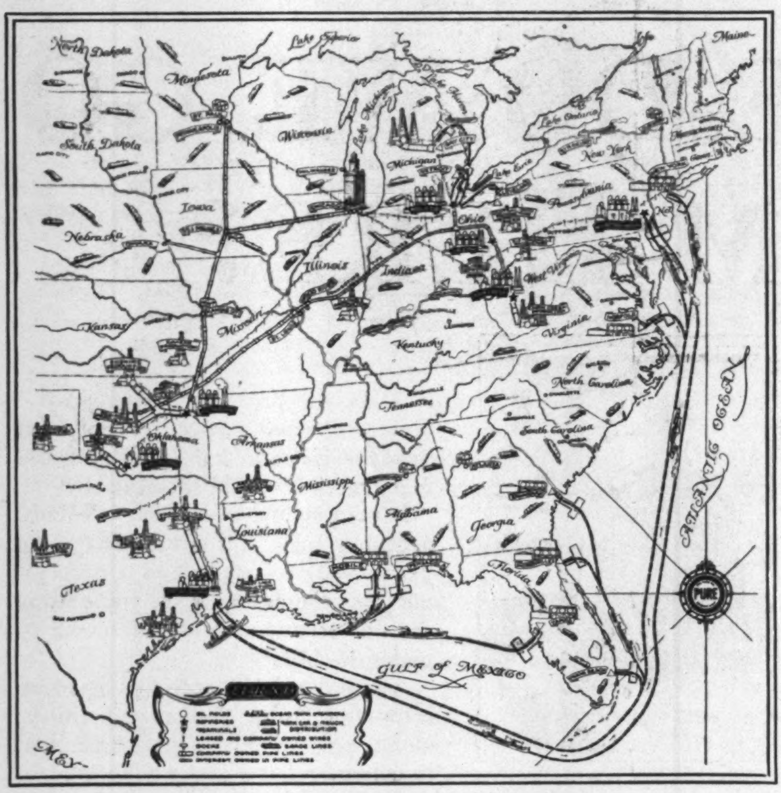
It is continuing to seek out and sift out, by force of its character, interest and authority, the hand-picked core and center of the wealthiest public on earth—that hub *three-million-strong* which turns the taste, thinking, *buying*, of the other millions in this land.

It is moving straight ahead more serviceably than ever before into the greatest business era the world has ever seen, and if you are not insensible to opportunity you are cordially invited to come along!

THE SATURDAY EVENING POST

"AN AMERICAN INSTITUTION"

THE CURTIS PUBLISHING COMPANY INDEPENDENCE SQUARE, PHILADELPHIA



THE PURE OIL COMPANY'S "INTEGRATION"

Oil companies strive for self-sufficiency, controlling their own production, transportation, refining, and marketing. Their own pipe-lines, tank ships and trucks make them less dependent on the railroads, saving—in the case of Pure Oil—5% for the common stock

Four Words Tell the Story Of Oil's Advance in 1930

Unitization, Proration, Cooperation, Integration Are Offsetting Overproduction and Hard Times

FOUR big words are needed to tell the story of advances made in the oil industry's 1930 battle with overproduction, low prices, acute competition, and general hard times. These words are: unitization, proration, cooperation, integration. They were heard often in discussions at the American Petroleum Institute convention which attracted 4,000 oil men to Chicago last week.

Further progress in unitization has taken place this year. This big word has been coined to describe the process of developing an oil field as a single unit. Instead of each producer's greedily and hurriedly sinking as many wells as possible in his particular sector of the field, engineers decide where and when wells should be drilled in order to insure orderly and economical development.

Similar progress in proration has occurred. This word describes a plan for orderly use of existing fields, whether or not they may have been developed as units. To avoid waste, conserve natural resources, prevent undue economic disturbance, laws have been passed which permit—and, in some cases require—the producers to cut down production equitably.

But cooperation in the oil industry is not limited to production. Its development this year in transportation and distribution has been marked. The urge is economic. Pipe lines mean savings of millions. Big pipe lines save more than little ones. For several companies to operate a big line cooperatively, each owning a share in proportion to its use of that line, is more profitable than for each to build its own. The 1400-mile gasoline pipe line now under construction from Oklahoma refineries to Kansas City, Des Moines, the Twin Cities, Chicago, Milwaukee, and intermediate points, is typical of the current trend. It is owned jointly by Pure Oil, Barnsdall, Continental, Skelly, Phillips, Mid-Continent.

Self-Sufficiency

Integration, the fourth big word, sums up progress made by oil companies as individuals. Each strives to be more and more self-sufficient, controlling its own production, transportation, refining, and marketing. Not only are the various Standards, Shell, Sinclair, Texas, Gulf, and other big oil companies striving for integration, but smaller ones are, too. It is a matter of life or death, some of the ablest men in the industry believe.

Interested in still further curtailment, the American Petroleum Institute's convention gave particular attention to the national survey of petroleum requirements for the period from Oct. 1 to Mar. 31, just completed by the Volunteer Committee on Petroleum Economics. This survey sets a definite goal for curtailment measures in the next 6 months.

The committee concludes that gasoline requirements for the period will be little, if any, changed from those of the same period a year ago. They also accept the estimate of adequate gasoline stocks, made by the A. P. I. a few weeks ago, which indicates 45 million gallons as the proper amount needed at the end of next March.

Estimated demand for gasoline for the 6-month period is 208 million barrels. If refineries continued to operate at their October rate, however, they would produce 230 million barrels during the period, so the report suggests that they reduce output 7%.

Need 4.5% Cut

To supply this quantity of gasoline will require 2,310,000 barrels of crude oil which, under present conditions, would be divided—2,270,000 barrels from domestic wells, the remainder from imports. To obtain this average output during the period would require a 4.5% decrease in the production rate current through October.

Allocation of the domestic supply among the various producing territories is based chiefly upon present proration schedules: California and Oklahoma would each supply 23.9% of the total or 542,000 gallons of crude daily; Texas' share would be 32.1% or 456,000 gal.; all other fields would be permitted 20.1% or 456,000 gal. daily.

During this 6-month period it is assumed that crude oil stocks will remain at their present level of 521 million barrels; that gasoline stocks will increase from 38.3 million barrels in September to 45 million by the end of March, thus preparing for the heavier seasonal demands which arise in the spring and early summer.

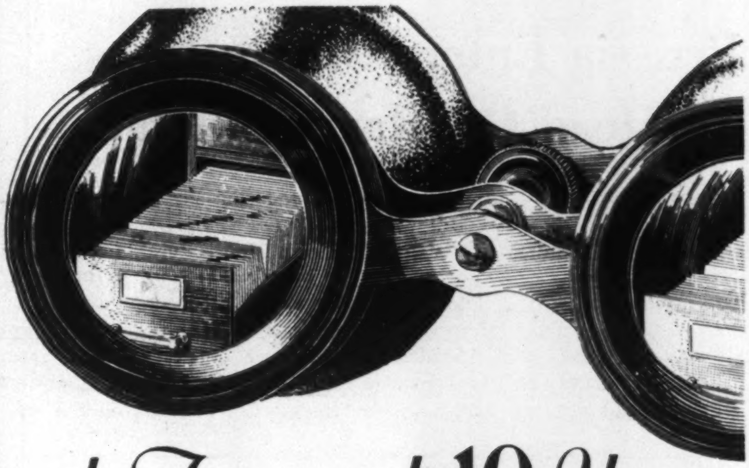
In making these suggestions, the committee carefully points out that curtailment of output is only an emergency measure and should not be considered as a cure for the fundamental economic maladjustments affecting the industry.

Export Oil Price Cracked By Strain of Competition

WHILE Sir Henri Deterding's Royal Dutch Shell continues to buzz about in it, the ointment of domestic tranquillity will never be balm enough to America's oil companies. So they have given up the attempt to stabilize home prices by fixing comparatively high prices on export oil. Export Petroleum Association, Inc., has cancelled price schedules preventing American competition with alien interests that used drastic price cuts to gain footholds in foreign markets. Its members are going out to swat the fly.

These members to whom the liberty to meet foreign competition abroad has become more important than the promise of price stabilization at home are further urged toward international warfare by the memory of what Royal Dutch Shell has done to their domestic market. Its activities in the United States have been so expanded that, with the Texas Corp., it is now the only company enjoying countrywide distribution for all its products. Its entry into the New York and New England territory of Socony has aggravated the tense situation resulting from destructive price wars between the two interests in India and other Asiatic markets.

Shell Union Co., Royal Dutch American subsidiary, can boast that it has been a warm supporter of the high price schedules of the Export Association of which it is a member. But Standard can retort that it would be, seeing that it can provide its foreign markets with Venezuelan crudes and other foreign supplies, need export nothing from the United States.



Look Forward 10 Years
with these
2 NEW FILING SYSTEMS

THE filing systems that will give speed, accuracy and economy to your filing and finding tasks ten years from now can be installed in your offices today!

Triple Check Automatic! Variadex! Two new filing systems fully ten years ahead of their time.

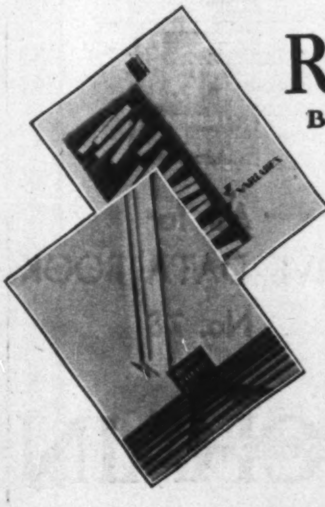
How many months of research disclosed ways to secure speed, accuracy and economy completely new to filing is told in the two descriptive books which we offer you.

The ultra-modern features of Triple Check Automatic and Variadex are scientifically designed to meet present day complex file department requirements. Their capacity to handle involved and changing lists of names is the result of long study of frequencies and peculiarities of alphabetic combinations and trends in name characteristics.

As a result, these filing systems are fast to free you of needless waiting, accurate to abolish costly error, flexible to handle unusual lists and growing volume of correspondence and economical to reduce expense.

Every executive will want to know more about Triple Check Automatic and Variadex. The coupon will bring detailed information.

Two interesting booklets in full color describe these new, scientific filing systems. Everyone whose daily task requires service from files should read these booklets. They will show you which of these new filing systems will solve your filing problems now and for many years. Write today for both booklets.



Library Bureau Division
Remington Rand
BUSINESS SERVICE
BUFFALO, NEW YORK

REMINGTON RAND BUSINESS SERVICE,
465 Washington Street
Buffalo, New York

I am interested in your booklets on Variadex and Triple Check Automatic.

Name ____________________

Address ____________________

City ____________________

Prussia Enters Oil Business To Head Off Harry Sinclair

BERLIN (*By Cable*)—Goaded by the fear that Yankee interests will get a dominating foothold in German oil development, Prussia, largest of the German states, is going into the oil business. In September, Harry F. Sinclair made a personal investigation of the Hanover oil region which German geologists had declared was incapable of producing any important volume of oil (*The Business Week*, Oct. 1). Shortly after his visit, Sinclair is known to have bid $1,700,000 for one of the large oil-producing sections near Oedesse, in Hanover.

German interest revived promptly. One domestic producer, the Elwerath Mining Co. (*The Business Week*, Oct. 15), set out feverishly to make fresh drillings, struck important new gushers yielding a profitable volume. Prussian government officials, urged by popular interest, scanned the prospects. This week the government-owned Preussische Bergwerks und Huetten A. G. (popularly known as Preussag) purchased from Anton Raky Co. the oil lands at a reported $2 millions. Preussag already operates important coal, potash, and rocksalt projects in Prussia.

Few details of future plans are revealed, but it is known that Preussag contemplates building a refinery which, considering the high percentage of paraffin in Hanover oil, will require further heavy investments.

Germans admit the motive behind the deal is the determination to prevent the capture and monopolization of Germany's oil fields by American companies. They go further, declare that the probable objective of the Yankees was to prevent development and maintain a larger place for American imports.

Oil drilling in Hanover is still considered extremely risky. Some experts go so far as to question the advisability of investing the taxpayer's money in the venture, especially since the chance of Hanover's ever becoming a decisive factor in the German oil business is remote. Crude oil output this year is estimated at 170,000 tons, against 104,000 tons in 1929. Hanover now supplies only 6% of the German consumption of gasoline. The fields acquired by Preussag are expected to yield 24,000 tons in 1930, or 15% of the German output.

Now—
when you
need a
Drive

1/4 to 75
HORSE-POWER

1/1 to 8.4/1
RATIO

and up to 1800
R. P. M.

You can get a

DIAMOND STOCK DRIVE

to fit . . . .

BESIDES the added convenience of immediate availability, Diamond Roller Chain Drives have very definite mechanical advantages. Rugged, efficient, quiet, rolling contacts which reduce friction, contact parts treated for wear resistance alone, simple in design and installation.

These features make Diamond Drives unsurpassed for durability, trouble-free service and low maintenance.

Drive Data Book No. 78 makes the selection of drives to meet your conditions as simple and efficient as the drives are mechanically. Send for this Book—it lists and describes the drives carried in stock by a distributor near you and at our plant.

DIAMOND CHAIN & MFG. CO.
439 Kentucky Ave., Indianapolis, Ind.
Offices and Agents in Principal Cities

TRADE ◇ MARK

DIAMOND MOTOR DRIVES
FROM STOCK

Ask for
DRIVE DATA BOOK
No. 78

DIAMOND CHAIN
ROLLING ~ AT POINTS OF CONTACT

Canadian Textiles Boom Under Tariff Stimulus

Special Correspondence Ottawa

CANADA is beginning to feel the benefit of the recent emergency tariff legislation. The most pronounced effect is in the textile industry. Mills that were operating have increased production; some are building extensions. Mills long closed are being reopened. New ones are being established. This is having the designed effect—increasing employment in the industrial provinces of Ontario and Quebec.

Manufacturers reporting to the government indicate the general response to the new policy. Dominion Textile Co., operating many plants, shows an increase in percentage of possible loom hours run from 50.73% to 81.86% in six weeks. Monarch Knitting Co. is operating full time instead of 4 days a week, secured a hosiery order which would have gone to the United States that will keep 26 machines busy 5 months. Carl Stohn Co. is erecting additional plant to increase capacity 4 times. Canadian Çelanese is spending $2 millions on new plant to employ 3,000 people. Paton Manufacturing Co. has taken on 250 more hands and is increasing the number. Cobourg Dyeing Co., anticipating expansion, is adding to floor space. Courtaulds Limited, artificial silk, is operating to the limit and building a new plant. Harris Woollen Mills, Renfrew Mills, reopened after many years of idleness.

Encouraging Branches

"Canada First" protection of Canadian market is compelling establishment in Canada of branches of United States and British manufacturers desiring to retain their trade. George Hirst & Co., England, has moved its weaving plant, with staff, to Canada, having purchased long-idle Ontario mills. A New England blanket company is establishing a branch in Quebec. The government has information of several other United States companies looking over the ground and taking steps toward establishing branches. The British senior trade commissioner in Canada reports several British firms conferring with him regarding similar course. These are mainly textile and steel manufacturers.

One estimate is that the tariff will bring 25 or 30 American and British branches to Canada within a few months. Canadian semi-official opinion is that American and British manufacturers are realizing that if they want to sell here they must produce here.

Stiffer Tariffs Coming

Meantime, the government is preparing for general tariff revision next session, which will be stiffer still and cover all ground not touched in the emergency measure. Hon. E. B. Ryckman, acting finance minister, with his commissioners of tariffs and customs, has just spent several weeks in personal survey of the country.

The Imperial Conference having failed to produce any reciprocal arrangement, no external considerations need influence the general tariff revision; it will be purely domestic in its purpose, will extend to other industries the advantage in the home market secured to a few by the emergency measure.

The results accruing to Canada from the action of September are sufficiently substantial to confirm the Bennett administration in its policy.

This NEW *and*
INVALUABLE
BOOK *free* to BUSINESS
EXECUTIVES

An OUTLINE for MARKET SURVEYS

FUNDAMENTAL changes are taking place today in merchandise distribution. Among the most far-reaching are those concerned with Market Data—source and foundation of intelligent distribution planning. Such changes have a profound influence upon the prosperity of every business institution.

~ ~ ~ THE National Census—official decennial inventory of the country—furnishes a mine of information on the current development of the country, its population, its wealth, and its industry. These records are fraught with priceless value. For this year—when needed as never before—there is available a new encyclopedia of facts inestimably important as a guide to business trends.

~ ~ ~ For the first time in history, the United States Government provides, in the New 1930 Census, a comprehensive, detailed picture of American business. Never before has such a national picture—a factual basis for measuring markets—been presented by this or any other source. Never before have been available such vital business statistics, such definite barometers by which to guide business policy.

New Light on Distribution Problems

Distribution, while a new subject for the Census, is an economic problem old as society itself. Heretofore there has been but little accurate information reduceable to economic formulae approaching the exactness of engineering principles. Today, for the first time, such facts are before us. It behooves American men of affairs to understand and apply them.

~ ~ ~ The new "Outline for Market Surveys," just off the press, is the first exhaustive summary of just what the Distribution Census will show, and how, practically, to interpret it. It sets down all the useful factors from which to appraise the consuming power *of any market, for any product.* It shows how to *use* the Census—and other dependable information—to tangible advantage and profit.

~ ~ ~ George C. Smith, Director of the Industrial Bureau of St. Louis, its author, is a nationally known authority. He is one of America's leaders in studies of scientific business location and community development. From a rich background of experience, and as an associate in the production of the first distribution census—undertaken in Baltimore in1927—he brings to bear a specialized knowledge and a sound perspective which few men possess.

~ ~ ~ This new book—clear, concise, informative—deserves the thoughtful study of every American executive. An edition of moderate size is now available for distribution, without charge, to the leaders of business in this country. You are invited to write—on your own business stationery, please—for a complimentary copy. Address Dept. C-5.

INDUSTRIAL BUREAU *of*
The INDUSTRIAL CLUB
ST. LOUIS

EIGHT YEARS IN AN EAGLE'S NEST

That is the story, in brief, of two A. B. A. travelers cheques issued to George Walker by the Montrose National Bank of Montrose, Colorado. Lost in September, 1920 they were carried on the "missing" ledger of the A. B. A. until December, 1928, when B. D. Reazin returned them to the bank of issue, with the report that he had found them in an eagle's nest near Butte, Montana . . . five hundred miles from the place where they had originally disappeared.

The cheques were still unimpaired. Eight years of western sun and snow had made no impression upon their tough fibre. Such amazing durability yields to but one explanation—the cheques were made on Crane's Bond, the 100% new white rag paper that has been the leader of the Crane line since 1801.

Time . . . weather . . . an eagle's talons . . . take no toll of its excellence.

CRANE'S BOND

CRANE & CO • DALTON, MASSACHUSETTS

Botany Mills Rejuvenated; Textile Men Encouraged

BOTANY WORSTED MILLS is modernizing.

It is junking 1,600 old looms, lest they pass through second-hand dealers to augment production somewhere else. It is replacing them with the most modern automatics. It has launched a campaign of advertising. It is undertaking research into market and styles. It has adopted a new financial policy which virtually abolishes inventory and bank loans.

Rejuvenation of the veteran company is highly exciting the textile industry. Botany once was one of the world's largest; did $30 millions business a year, had 7,000 workers, 4,000 looms. Since 1924, it has followed the textile industry downhill. Its assets dwindled from $51 millions to the present $31 millions. Its deficit last year was $3 millions.

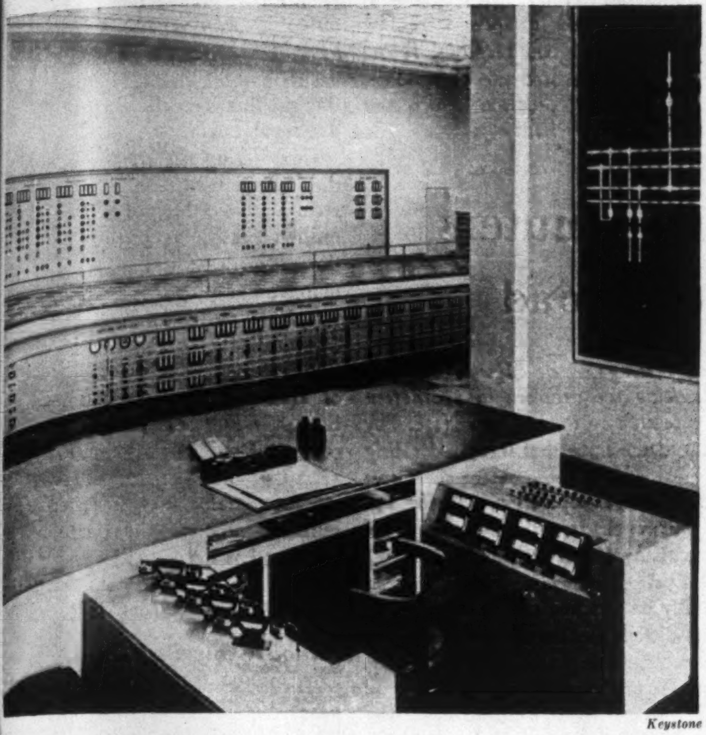
Yet Col. Charles F. H. Johnson, president, has been able to get financing for a fresh start. This, say textile men, is the encouraging and significant thing. Some other concerns, no better and no worse off than Botany, may be able to do the same thing.

Dr. Stratton to Guide Textile Research

THE textile industry's plan for organized fundamental technical research, long urged by progressive groups within the industry, took definite form last week with election of Dr. Samuel Wesley Stratton, former president of Massachusetts Institute of Technology, as chief executive of the United States Institute for Textile Research.

Dr. Stratton's appointment was based on the fact that he fulfilled the two chief requirements for the work—a reputation in the scientific world that would command the respect of all the elements in the industry, and an impartial attitude toward the industry's problems such as only an "outsider" could have.

Since June of this year, he has acted as chairman of the corporation and executive committee of the Massachusetts Institute of Technology, and for 8 years prior to that had been president of M.I.T. He is widely known to the scientific and engineering public through his service as director of the Bureau of Standards at Washington, which position he held continuously from 1901 to 1923.



Keystone

THE BRAINS BEHIND THE BULBS

Load dispatching headquarters of the Brauweiler power house in Germany, where output is balanced with demand. Note the 4 telephones, the illuminated wall chart, and the field glasses for reading distant dials

Undue Competition Leads List Of Factors Hindering Industry

Survey of 1,500 Companies Shows Where Executives Place Blame and Credit for Business Conditions

UNDUE competition, price cutting, general business conditions are the factors now chiefly hindering business development, according to a survey of manufacturing industries recently completed by the Industrial Development Bureau of the Niagara Hudson Power Corp. Freight rates, labor laws, overproduction, taxes, lack of capital, and power rates are also blamed. Some food products establishments see an adverse factor in mail order and chain store competition. The leather and leather products industry regards the tariff as a hindrance to business. Textiles complain also of scarcity of competent labor; underwear manufacturers of style changes; commercial printing and engraving houses of advancing labor scales; and broom and whisk broom establishments of competition from prison and blind labor.

To determine what factors are hindering business, which ones helping it, Niagara Hudson's Industrial Development Bureau, covering a considerable portion of up-state New York territory, canvassed 1,500 manufacturing establishments. In each plant visited, the president or some other officer was interviewed.

A total of 145 concerns in 32 lines of industry claimed that undue competition with price cutting was their outstanding hindering factor; 114 plants in 18 lines of industry laid their chief difficulties to general business conditions; 45 plants in 12 lines of industry reported that overproduction was hindering them; 53 plants in 17 lines of industry said stringent labor laws and high compensation insurance were hindrances; 42 plants in 10 lines of industry claimed that high taxes were hurting them, and 39 plants in 13 lines of industry said power rates were too high.

Among the more important manufacturing groups covered by the survey, principal factors specified as hindering business were:

Textiles: General business conditions, competition and price cutting, overproduction, labor laws and compensation insurance, taxes, high power rates, insufficient capital, unfavorable freight rates and poor facilities, scarcity of competent labor.

Iron and Steel Products: General business conditions, competition and price cutting, labor laws, unfavorable freight rates and poor facilities, taxes, excessive power rates.

Food Products: Competition and price cutting, general business conditions, mail order and chain store competition.

Paper Industry: Unfavorable freight rates and poor facilities, overproduction, excessive power rates, competition and price cutting, general business conditions, labor laws.

Lumber and Supplies: General business conditions, competition and price cutting, unfavorable freight rates and poor facilities, taxes, lack of new building construction, labor laws.

Crushed and Cut Stone and Cement: Lack of new building construction, competition and price cutting, unfavorable freight rates and poor facilities, general business conditions.

Furniture and Bedding: General business conditions, competition and price cutting, taxes, unfavorable freight rates and poor facilities.

Commercial Printing and Engraving: Competition and price cutting, general business conditions, high cost of labor.

Leather and Leather Goods: Tariff, competition and price cutting.

Metal Products: Competition and price cutting, general business conditions.

Heavy Machinery: Labor laws, taxes, competition and price cutting.

Footwear: Competition and price cutting, mail order and chain store competition.

Underwear: Style changes.

Confections: Competition and price cutting.

A smaller number of concerns were able to single out factors that they felt were helping business. Low power rates were considered helpful by a few textile, furniture, electrical supplies and food products establishments. One leather goods concern lauded the protective tariff. One manufacturer of iron and steel products gave low taxes as a favorable factor. Mail order and chain store selling was favorably mentioned by two manufacturers of novelties and by one establishment each in the textile, food products, monument, and boat industries. Other factors stated as favorable in single instances were low freight rates and good facilities, favorable location, increased use of product, favorable labor situation, increased construction, style changes.

Railroads Ask the Commuters To Carry More of the Load

THE commutation business, long regarded by the railroads as a necessary evil, is engaging the attention of rail officials charged with the responsibility of devising methods for cutting losses from passenger operation.

The New York Central, discovering that commutation traffic flowing through the Grand Central Terminal in New York comprises 65% of the road's total passenger traffic but only 8% of the revenue, has announced its intention of increasing by 40% its monthly commutation rate, much to the apprehension and anger of the embattled commuters, who can be counted on to oppose the increase vigorously.

Lackawanna Must Wait

An attempt by Delaware, Lackawanna & Western, carrying New York business men to and from their New Jersey homes, to raise commutation rates 15% on steam lines, 25% on the new electrified lines of the company, has been frustrated for the time being by the Interstate Commerce Commission's ordering a 7 months' suspension of the plan pending an investigation.

The Central Railroad of New Jersey, also operating in the New York area, is attacking the problem in a different way, reducing round trip fares by 33⅓% in the hope that increased riding will cut down to some extent the losses from passenger operation. Traffic figures this week are said by officials of the company to justify this hope.

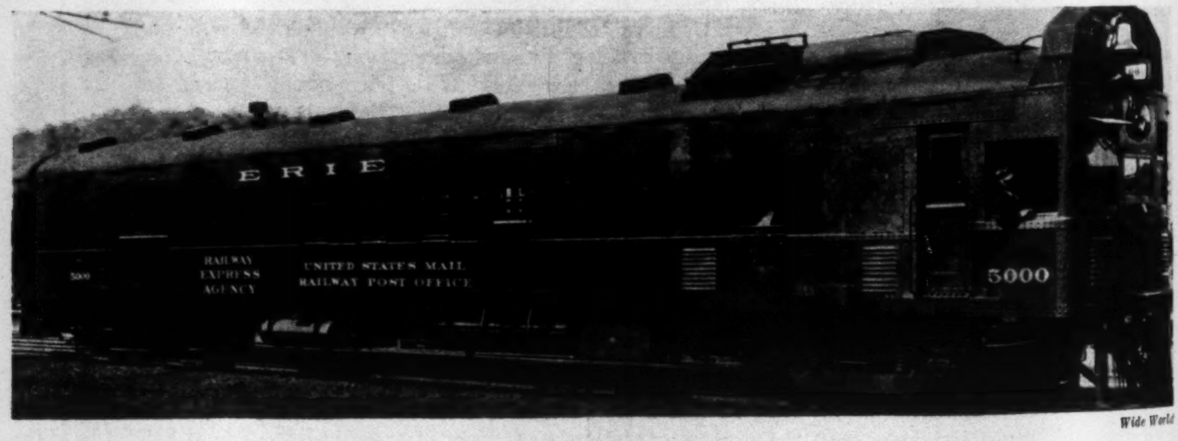
The commutation problem would naturally be attacked chiefly in the New York district inasmuch as it is the largest commuting area in the country. Eleven roads carry commuters in and out of the city every business day. The Long Island Railroad handles 85 million a year; the New York Central, 44,500,000; the Lackawanna, 22,600,000; the Erie, 31 million; the Central Railroad of New Jersey, 17 million; the New York, New Haven & Hartford, 18,300,000; the New York, Westchester & Boston, 9,300,000. Three other lines contribute 1 million each. Of the 427 million passengers entering and leaving the city last year, more than 341 million were commuters.

The "bargain rates" granted by railroads to commuters vary, but they average about 1.09 cents a mile on a 60-trip basis as compared with the established railroad rate of 3.6 cents a mile. Most of the New York roads have more commutation traffic than they desire, and are naturally eager to lessen the gap between the commutation and the regular rate.

Considering the country as a whole, the Interstate Commerce Commission records show that, of a total of 779 million passengers carried in 1929 by the railroads, 448 millions were commuters. The total passenger revenue was $872 millions; commuter revenue, $74 millions. In June of this year, 36 million commuters were handled out of a total passenger traffic of 59 millions. Indications are that the 1930 commuter business will about equal that of 1929. Since 1922, however, commutation traffic has increased by 19 millions, whereas the total passenger business has decreased by 187 millions. The revenue per commuter-mile has dropped from 1.1 cents to 1.09.

Illinois Central's Record

The bulk of the commutation business centers around 6 cities—New York, Chicago, Philadelphia, Pittsburgh, Boston, and San Francisco. Chicago is the second largest commuting area. There the Illinois Central has carried on one of the most successful commutation developments in the country and is making it pay. The service was electrified and modernized in 1926. The year before that, 24 million commuters yielded $2,859,000, resulting in an operating deficit of $645,000. In 1929, 36 millions of them yielded $5,183,000, out of which the road earned an operating income of $1,516,000. The number of trains operating daily has been increased from 378 a day to 535.



Wide World

No Locomotive

The "oil-electric" makes its own power, has a cruising speed of 70 miles an hour, a maximum of 85. Forward, are the motors and generators; in the center, the mail, with express in the rear. It replaces high-cost steam operation on branch lines, pulls a train up to three passenger coaches.

The Illinois Central dominates Chicago's South Shore suburban service. The Chicago & North Western, handling the bulk of the North Shore traffic, carried last year about 22,500,000—3 million more than in 1925—with $4 million revenue. The road just about breaks even on its commutation business. It is not electrified.

A Job for a Genius

The Rock Island, the Chicago, Milwaukee, St. Paul & Pacific, and the Burlington carry on a commuter service to the southwest, west and northwest, with considerably less volume than the Illinois Central or the North Western roads handle.

While the commutation business done by the railroads is not large enough to offer possibilities for development to such an extent as to offset losses in other branches of service, it is the only one which is holding its own in the face of competition from other forms of transportation. It may be that the "necessary evil" can be transformed into a blessing by some railroad genius of the future.

Railroad Made Money By Spending It

EXPENDITURE of $4 millions for bettering equipment and service on the Chicago Great Western Railway in the last 10 months has enabled that road to pay its first dividend since July, 1919. Directors this week authorized payment of $1 a share on preferred stock.

The property went under new management in 1925. In the last 10 months there has been an increase of 50% over the same period last year in expenditures for maintenance on rails and 30% on cars. Net earnings were $1,555,359 as compared with $1,026,906 last year—an improvement of 12.5%.

Silk Special Runs 192 Miles in 179 Min.

SHIPS are getting more of the business, but they still run silk trains, and run them fast. A special with 4 cars of silk and a passenger coach established a new speed record for the midwest when Nov. 3 it hopped from St. Paul to Elroy, Wis., 192 miles, in 179 minutes, running, plus 5 minutes for changing locomotives at Eau Claire, Wis. The silk was worth $1 million. Chicago, St. Paul, Milwaukee & Omaha R.R. handled it.

Ditto copies printed forms and fill-in on blank sheets in one operation.

"Saved $3,000 in printing"

Statistical reports and other memoranda involving printed or ruled forms can be copied from one original with DITTO. DITTO copies not only the printed part but the filled-in information as well . . . all the copies you need from one original, using only blank sheets for the copies. Thus DITTO saves not only copying costs but printing expense as well. In one year, one concern saved $3,000 in printing with a single DITTO machine costing one twelfth that amount.

DITTO handles billing, purchase-receiving and production record sets with the same efficiency—speeds up office routine without disturbing existing systems—eliminates errors—cuts payrolls.

"Cut blue-printing expense 30%"

"DITTO reproductions replace blue-prints of which we require great numbers. Our blue-print expense has been reduced 30% by our one DITTO machine," writes one big steel company.

"Cutting Costs with Copies" is the title of a book which tells all about DITTO and its application to modern office practice. The coupon brings you a copy, gratis.

DITTO INCORPORATED
Duplicating and Billing Equipment
2266 W. Harrison Street Chicago, Illinois

Ditto Incorporated, 2266 W. Harrison St., Chicago, Illinois
You may send your booklet, "Cutting Costs with Copies."
*Name*____________________
*Address*____________________
*City*____________________

Winter Cruises Are Going To Be Short and Plentiful

80 Ships Will Crowd West Indian Routes, Battling For Tourists Who Want to Travel But Not Very Far

FOREIGN ships in unprecedented numbers are coming over to do battle with each other and with American lines for the West Indies cruise business. Last season, counting those on regular schedules, 60 ships were engaged. This season's total jumps to 80—up a third.

To aggravate the situation, boats this year will be bigger, more sailings are planned. One American passenger agent voices the indignation of his associates by protesting that the opposition is "coming over with everything that will float." He points out that regular lines must maintain service during the slack summer months; when winter brings its promise of profits, along come fleets of hungry foreign vessels to skim the cream.

Newcomers in to Stay

Similar protest was raised last year. It was tinged with the hope that the invaders would lose a lot of money. But a surprising trade enabled the experimenters to make a good showing. Other lines are going to try it this year. With a surplus of tonnage on their hands and the trans-Atlantic business a mere whisper of its former self, foreign shipping executives refuse to be moved by pained outcries.

Reason for this flattering interest in the West Indies is found in preliminary bookings. The tourist agencies declare that demand in this direction is much stronger than for Mediterranean or round-the-world trips. At present 5 special globe-circling tours are scheduled; a sixth was canceled, one of the 5 remaining may be. Sixteen Mediterranean cruises are planned; one of these has been shortened and another may be cancelled.

Playing Close to Home

Booking officials learn from prospective passengers that it is not only lack of money that lessens interest in long voyages. People don't want to get too far from their homes and their businesses. They want short trips, from which they can keep contact with "the office" and return quickly if emergencies demand it. Such factors make the West Indies an ideal objective. It is being capitalized to the limit by companies which can afford to run ships at cost or even at a small deficit since laying them up entails a dead loss.

Crack liners of the big companies will be included. Among the newcomers are the French Line with the spanking new *Lafayette*, the Italian Lloyd Sabaudo's *Conte Grande*, the White Star *Britannic*, the North German Lloyd's *Steuben*, which is the *Muenchen* rebuilt after she burned and sank in New York harbor. Of the Cunard Line alone there are 9 ships which will engage in the West Indies' winter business.

No one can blame the regular lines from being extremely irked by all this competition. Displeasure takes form in action. The Cunard Line again finds itself in a rate war with the American Ward Line in the Havana-New York service (starting Dec. 20). Cunard cut its round trip to $140. Ward promptly retorted with a slash to $130. It also let the agencies know that it would see every bet of the Cunard and raise it one.

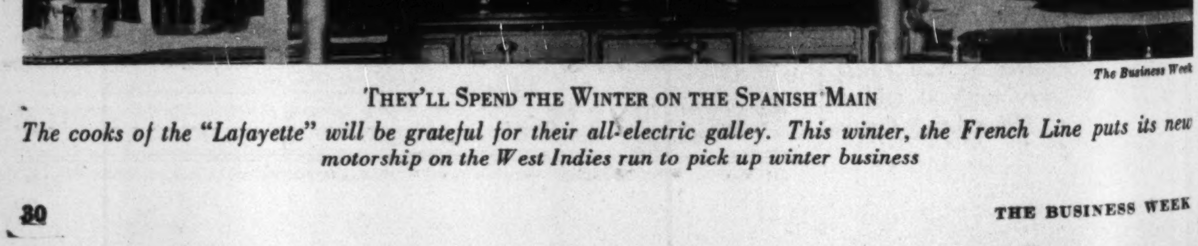
Down from the north comes the Canadian National to clash with the United Fruit at Boston. Canada (a violent protester at American tariffs) imposed a tax on bananas coming in by rail to handicap the United Fruit and encourage its own Canadian National banana steamers. Thereupon United Fruit took its steamers and stems into Canadian ports. Now Canadian National counters at Boston with a cruise service and the United Fruit has allocated passenger boats to sail from the Massachusetts port and meet the threat.

Bermuda is to have six winter boats a week. The American Munson Line has retaliated against the South American service of the British Furness by sailings to and from Bermuda. To further crowd the combatants in this narrow field, both the Canadian Pacific and the Royal Mail have muscled in.

Philadelphia Profitable

Philadelphia is feeling the effects of the struggle. Last year the United States Line's *Republic* tried a series of cruises from that port. The result was favorable and this year the ship returns with the number of sailings increased. The United Fruit also recognizes possibilities in that quarter by advertising a sailing in February. Results will determine future policies.

Here are a lot of ships and it will take a lot of folk to fill them. Lines and agencies appreciate the problem. High-priced advertising men are preparing copy that would make a mummy West Indies conscious. Weather and sunshine are enthusiastically endorsed.



The Business Week

THEY'LL SPEND THE WINTER ON THE SPANISH MAIN

The cooks of the "Lafayette" will be grateful for their all-electric galley. This winter, the French Line puts its new motorship on the West Indies run to pick up winter business

In the matter of price they present their most telling argument. The minimum rate has been, in many cases, reduced to a point where, as the advertisements point out, it will be cheaper to take a trip than to live on shore. The Ward Line boasts a cruise of from 10 to 17 days to Havana at a cost of $140 up. Furness Bermuda Line, fighting on its home grounds, dangles an 18-day trip at $135—"less than $8 a day." Royal Mail gives one 15 days at $140. The Munson Line 12 days at $125. National Tours prices an 11-day trip at a $95 minimum.

Tourist agencies expect a good season. People have the habit of taking winter trips. Demand has been steady. All that is needed is a cold snap to emphasize the discomforts of an unbroken winter. Forecasts of losses to ship lines are discounted. Hotels in the West Indies (Florida, too) ought to make money. The losers will be the resorts along the Mediterranean and other distant seas.

American Lines Unaffected

By British Shipping Pool

WHETHER the new combined shipping schedule of the 6 big British shipping lines in the North Atlantic is merely the extension of a much older "gentlemen's agreement" to rationalize passenger schedules and avoid profitless competition, or is actually the British version of the Lloyd-Hapag pool in Germany (*The Business Week*, April 2), shipping authorities are as yet unable to determine. It is generally recognized as a wise move for the slack winter season, particularly sensible this lean year. The lines are bound to profit by the move. Rationalized schedules since the Lloyd-Hapag pool have made it possible for those companies to open up a number of new services and improve others by adding more or newer ships. British shippers—Cunard, White Star, Red Star, Canadian Pacific, Atlantic Transport, Anchor Line—may contemplate similar rationalization.

American lines are not likely to be affected. There is the North Atlantic Conference in which all major services are members and which precludes any possibility of a price war. Rationalization simply cuts the sailings.

Other important competitors of the new British amalgamation, and of the Lloyd-Hapag groups, in the North Atlantic service are the French, Holland-American, and Swedish-American Lines.

SEATTLE CITY EMPLOYEES ARE GRATEFUL TO THE TODD CHECK SIGNER

A TODD CHECK SIGNER, newly installed, made last Christmas merrier for the employees of the City of Seattle. And for Mr. H. W. Carroll, Comptroller, who escaped arduous hours of pen-pushing. His letter below tells the complete story:

THE CITY OF SEATTLE. *Comptroller's Department*

Mr. A. W. Newth, The Todd Sales Company
214 Douglas Building, Seattle, Washington

Dear Mr. Newth: As you probably appreciate, there was considerable satisfaction resulting from our being able to get out the City employees' checks before Christmas instead of on the last day of the month, as customary. You may have seen the account of it in the *Seattle Star* of December 20th.

Our new Todd Check Signer was a big factor in making this possible. Before its installation, at least eight hours and sometimes more were consumed in signing the City Warrants. Meanwhile, the work of five employees was held up. Since the installation of the Todd Check Signer, the warrants are signed in less than an hour and the work of none of the employees is held up.

We want you to know that we are more than pleased with our Signer, and with the cooperation given us by your office. We appreciate not only its great efficiency, but its contribution to the safety of the checks which we issue.

Yours very truly, H. W. CARROLL, *Comptroller*

The illustration above shows the Todd Check Signer installed in the Seattle Comptroller's office. Sheets of checks fed into this model are signed, cut and stacked in numerical order at the rate of 7500 an hour. Two Yale locks and a built-in meter, which records every check passing through the machine, simplify the matter of executive supervision.

Mail the coupon below for full information. Or phone the Todd Office in your city for a demonstration. The Todd Company. *Protectograph Division*. Rochester, N. Y. *Sole makers of the Protectograph, Super-Safety Checks and Todd Greenbac Checks.*

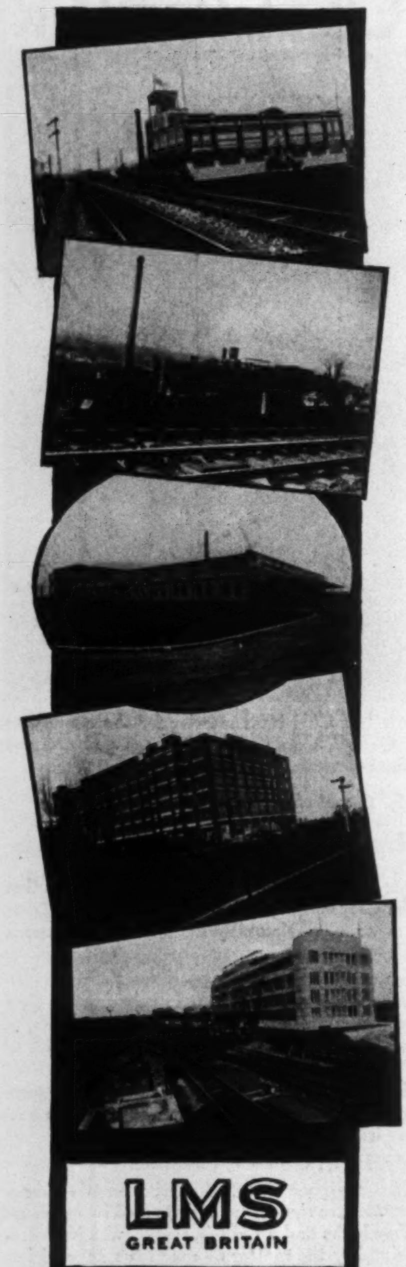
THE TODD COMPANY, *Protectograph Division* 11-30
1124 University Avenue, Rochester, N. Y.
Please send me complete information about the Todd Check Signer.

*Name*____________________

*Address*____________________ *Business*____________

TODD SYSTEM OF CHECK PROTECTION

Establish your own Factory in England



..easy to do economical to operate

Stop paying heavy customs duties . . . unnecessary over-seas transportation charges. American goods can be manufactured in England . . . factory sites are easily obtainable . . . operation is exceptionally economical because of the lower cost of British labor.

Let L.M.S. — Britain's dominant railway system—show you how and why "British Made" American products reduce overhead and give you greater profits.

L.M.S. offers a most unique and entirely free service to American business men who contemplate manufacturing in England. Photographs . . . plans . . . information as to power and water supply. Municipal rates . . . type of labor available. Also a complete listing of factories for sale or rent.

***Remember:* American goods manufactured in Great Britain become British goods. Products bearing the stamp "Made in England" reduce selling resistance not only in England but throughout the British Empire.**

LMS
GREAT BRITAIN

London, Midland & Scottish
Railway of G. B.

LONDON, MIDLAND & SCOTTISH CORPORATION
Thomas A. Moffet, Vice President-Freight Traffic
1 Broadway, New York City

Atchison to Experiment With 3-Class Fares

ATCHISON, TOPEKA & SANTA FE is the first railroad to try out the European system of 3-class fares. The trial will be for a period of 6 months, beginning Jan. 1, Chicago to California and a limited number of intermediate points.

Following close on the heels of the Santa Fe announcement comes the advertisement of second and third class rates to the Northwest by the Chicago, Milwaukee, St. Paul & Pacific line, also effective Jan. 1. The Denver & Rio Grande Western, and the Western Pacific have declared they will introduce third class fares, date unspecified.

1. First-class fares will be, as at present, effective in standard sleeping cars on all trains.

2. Second-class or one-way tourist fare, about 20% less than first class, good in tourist sleeping cars. At present, the charges for berths in the plain, leather-upholstered cars (a brand of rolling stock not seen east of Chicago and St. Louis) are one-half those of standard Pullmans, though the railroad ticket costs just as much.

3. One-way coach fares, about 20% less than the new tourist rate.

Under these new schedules first-class tickets, Chicago to California, will cost $79.84; tourist, $65; coach, $50. Even these substantial reductions do not bring one-way coach fares down as low per mile as summer excursion rates, effective almost half of the year.

Manufacturing Dropped Sharply in October

MANUFACTURING operations were curtailed in October in nearly every industry according to reports of electrical energy consumption reported by individual concerns to *Electrical World*. After a slight rise in August and September from the July minimum, the weighted average fell, in October, to the lowest point since December, 1926. The October index is 3.5% below the July figure, 8.1% below September and nearly 25% lower than a year ago. For the first 10 months of 1930 the average is 15% less than for Jan.-Oct., 1929.

Exceptions to the downward movement were: Textiles, paper and pulp, iron and steel, leather products. The first three remained unchanged from September; activity in leather plants rose slightly. In only one group—food products—was there a substantial gain compared with October, 1929.

Swift Survey of Business Abroad

EUROPE

EUROPEAN NEWS BUREAU (*By Cable*)—Business has entered another lull, following the recovery from the alarms which featured September and October, but any fresh forward impulse is lacking. The Imperial Conference has closed without any accomplishment, leaving the question of future British tariff policy and trade relations with the dominions indeterminate.

The German arbitral wage award provides for a 3% wage cut in December but defers the real cut of another 5% till January. There is wide satisfaction at the signal defeat of the Fascist extremists in the recent Austrian elections, but otherwise the elections failed to improve the previous incoherent political structure which has been responsible for the lack of a positive economic administration in this small but geographically key country.

Spain is establishing a gold credit in London and preparing a similar credit with the International Bank as a part of the new currency stabilization program. The step is thoroughly approved but arouses little enthusiasm since most financial authorities think the move should have been made long ago and the recent disturbing effects of peseta depreciation avoided. The epidemic of bank failures in France is not considered serious, but franc appreciation, with consequent renewed gold absorption, is distinctly annoying and may defer the expected war loan conversion in Great Britain.

Announcement by the American Petroleum Export Association of its discontinuance of official prices is interpreted as the outbreak of a new oil war and has caused a decline in petroleum securities on all markets. With the arrival in Europe of George Harrison, Europeans are asking skeptically if American capital will rush in where European loans fear to tread. These questionings are based on rumors that his visit is connected with the organization in the United States of a super-institute for foreign credit.

Meanwhile, raw material prices, with certain conspicuous exceptions, appear unobtrusively to be stabilizing. European manufacturers using textile raw materials and rubber evidently believe the bottom has been reached and are making large purchases. It is worthy of note that textile industries, which have been longest and most severely depressed, are now among the first evidencing signs of revival. It will be noticed that when business turns the corner, it will not do so as a body but by industries or groups of industries.

British Business Jumpy But More Hopeful

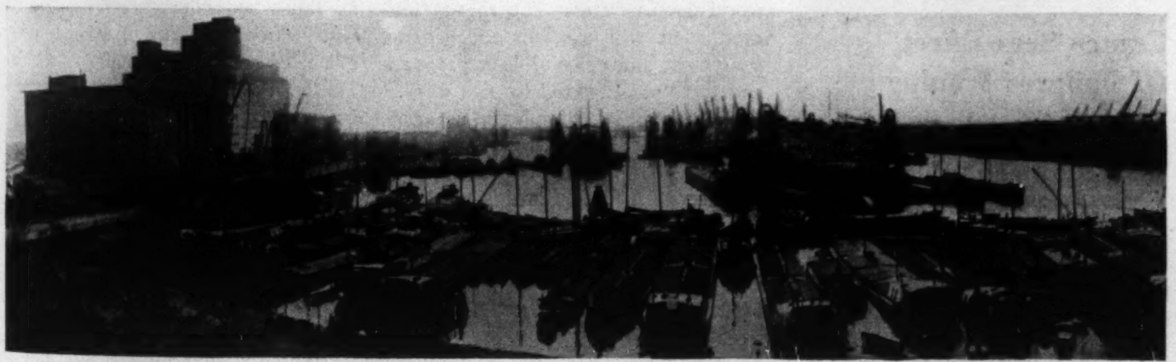
LONDON (*By Cable*)—Business remains indeterminate with spasmodic jumps and recessions in various commodities but with no general improvement. Despite this, the morale is better and all sections are imbued with a feeling that the slump has touched bottom and that an upturn is due in the spring. The coal industry reports better sales for household varieties but a more restricted demand for industry and for export. Iron and steel demand is only tepid. Manufactured goods are in slack demand, with wool and textiles in only a slightly better position. Leather is steady with hide prices lower. Wheat prices are sharply down.

American efforts to stimulate employment are being followed with great interest by British firms who see no hope of relief at home until trade picks up. The cables and wireless and associated companies have announced a reduction of directors from 22 to 17 with lessened emoluments to the remainder to show a saving of $165,000 a year. Retiring members are given one year's fees and compensation.

After a period of easy money, stringency has developed again due to technical causes, chief of which is the lack of maturing bills which have come due since the August bank holiday. Reactions to French bank difficulties have temporarily interrupted the boom on gilt-edged securities and are interfering with the plan to place credit on a 4% basis preliminary to the conversion offering by causing an efflux of gold to Paris. The City now feels that the conversion loans may be delayed, and that the government may not attack the whole mass of $10 billions worth of 5% war loans. Some critics even question whether the bank rate will now be lowered.

Despite the fact that there is no investment activity, the $25 million South African loan at 4½%, issued at $95½, was oversubscribed 15 times.

Politics continue to overshadow business. The Imperial Conference is ending in a failure. No effect has been given to the policy of dominion prefer-



The Business Week—European Bureau

ROTTERDAM BUILDS EUROPE'S LARGEST GRAIN ELEVATOR

The principal Continental grain port in this modern new elevator can store hourly 600 tons of wheat, deliver an equal amount, sort out 200 tons and bag 200 tons, all at one time, thus handling 1,600 tons an hour. Every pound of grain entering or leaving is automatically weighed. Fully 80% of Rotterdam's grain is discharged by floating cranes into Rhine River and Holland Canal barges.

ence and the home government has been damaged by mishandling the opportunity for better economic relationships. The India conference opened Wednesday to discuss the future administration of that dependency and whether there is to be a unified India or a confederation of Indian states. All parties are pledged to further self-government by one means or another. Business is not optimistic that these deliberations will lead to better trade relationships during this generation.

The decision of many companies to pass dividends is not necessarily a sign of a bad half year. Guest, Keen & Nettlefolds, Ltd., for example, though they paid 5% interim dividends for many years, are now passing this year's dividend on ordinary stocks but with the specific assurance to stockholders that it is only a precautionary measure in the face of menacing conditions likely to prevail over the next half year and subject to a desire to keep the company's yearly policy in form. At the same time, the lack of dividend, whether because it was unearned or because of a policy of caution, freezes public confidence and tightens all available money both for investment and consumption.

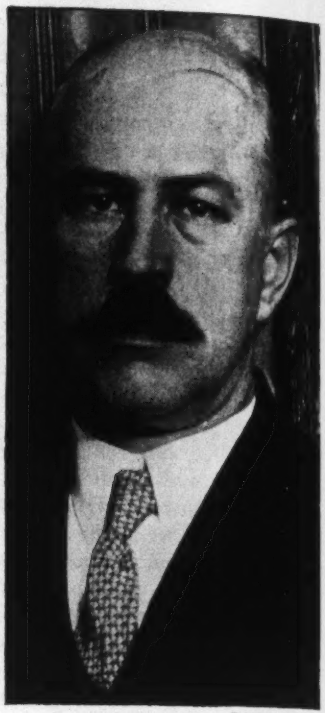
Manchester is making progress towards introduction of the 8-loom system in the cotton mills. Operators have submitted to the labor unions a proposal to pay from 49s to 58s 9d weekly for an 8-loom attendant compared with 40s now paid to 4-loom attendants. Further, to avoid too sudden displacement of labor and also to facilitate a smooth change over to the new system, operators propose that only 10% of the total number of looms be put under the new system before March 31, 1931, and thereafter 5% more looms be put under the system quarterly.

France Sees Effect Of Failures Waning

PARIS (*By Cable*)—Business has been considerably disturbed by the epidemic of bank failures but the difficulties now seem to be under control and the episode probably will be closed soon unless further unexpected developments occur. Failure of the Banque Oustric and immobilization of the Banque Adams a week ago has been followed by the closing of three provincial institutions and there are fears that even the Banque d'Alsace Lorraine may be obliged to close. These difficulties are the result of the collapse of the Oustric credit pyramid which has been developed to inflate security values (*The Business Week*, Nov. 12). It is probable that depositors in all except the Banque Oustric will incur no losses, though they may have to wait for their money till liquidations, under the auspices of a consortium of Paris banks, can be carried out. The stability of the larger French banks is unquestioned. Nevertheless, difficulties for secondary organizations and runs on local banks have led the financial world generally to resort to a precautionary mobilization of reserves.

The stock market has fallen considerably. Nine curb brokers have been forced to resign and the failure of others is expected. These events are expected to speed up the long-contemplated organic reforms of the Bourse. The government is doubly anxious to restore tranquillity since the time is approaching when the government is expected to undertake public debt conversion. Spokesmen, from the Premier to the Governor of the National Bank, have issued reassuring statements. Tardieu, particularly, scored the extreme nervousness which recently characterized French sentiment, saying that the French often failed to display in minor crises the qualities of courage and endurance with which they met the major issues.

Apart from the troubles arising from the financial difficulties which strongly influenced business this week, the tone is featureless. Industrial indices, now available for September, show further reductions of activity. Compared with August, the output of metallurgical, engineering, automobile, leather, and paper products showed the greatest losses. Textiles, for the first time this year, show no further decline. Rubber production increased. The price structure continues to evidence inflation. The prospect remains one of further recession in general business independent of world developments. Parliament, however, soon will take up the national equipment and colonial loan programs and these are expected to give a beneficial, if artificial, stimulus to business. The equipment program involves expenditure of $700,000,000 over a period of 5 years. A portion of this legislation is expected to be enacted in time for carrying out in 1931. Principal items on the program and the amount of the expenditure they require: roadway, waterway, and port improvements, $52 millions; merchant marine, $8 millions; public utilities, $35 millions; education, $40 millions; health services, $25 millions. The amounts of the colonial loans, which are being made for general development, are: Indo-China and West Africa, $144 millions; New Caledonia, $3,800,000. A loan of $3 millions for equatorial Africa is awaiting final ratification by the commission.


Pacific & Atlantic

TO ADDIS ABABA

E. A. Colson, former deputy-general receiver for the United States government in Haiti, will direct Ethiopian financial reform for the new Emperor Haile Selassie I

Bruening Victories Reassure Germany

BERLIN (*By Cable*)—Chancellor Bruening has scored two important victories in the wage-price reduction program with which Germany is struggling to alleviate present economic difficulties. The arbitration commission has handed down the wage reduction award by which the metal trades workers in Berlin will accept a wage cut of 8% over a period of two months. Closely following this agreement came the decision by bakers and butchers to make price reductions in answer to an appeal from the government. Further reduction of foodstuffs and retail prices are anticipated in the near future. Business is more hopeful after each Bruening success, for the fight in the Reichstag over the 30 finance bills which must be passed to put the Bruening economy program into effect will be bitter, and the Chancellor will need all the support which these successes will bring him.

Announcement of the decision by the government to insert in the budget bill the first instalment of an appropriation for a new cruiser, much disputed a year ago and finally dropped by the last administration, is apt to create difficulties. Nevertheless, the general outlook is decidedly brighter. Business is relieved at the declining influence of disturbing political factors.

Besides foodstuffs, the week's list of price reductions comprises a 10% price cut on acetate rayon. The leading Frankfurt building company is reported to have succeeded in placing contracts for a new block of houses at 29% below prices paid last spring for a similar job. Even if true, this is not considered a typical case but one due to special conditions.

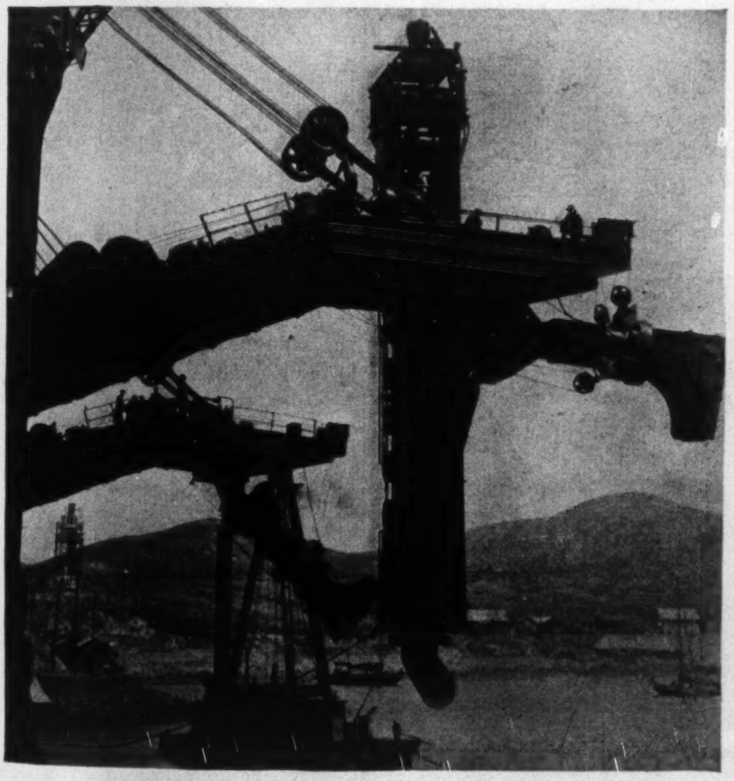
The general wholesale index, after uninterrupted declines for several months, rose for the first time this week by 0.7 points due, mainly, to the rise in agricultural products, notably wheat, which was up 1.7 points, and rubber, which jumped 4.8 points.

The government's policy of forcing the admixture of domestic raw materials is making progress. The mere threat of legislative compulsion has forced margarine producers to a "voluntary" agreement with tallow producers—Deutscher Feintalschmelzen Verband—to purchase 10,000 tons of premier jus for use in margarine production. The increase in duty last April has already reduced imports of the American premier jus. Though yielding to domestic pressure, the margarine industry claims the domestic product is inferior to the product supplied by American packers. A similar agreement with the soap industry is being negotiated.

Business is concentrating on the tactics of the Soviet oil trade organization in connection with the renewal of a gasoline sales contract with the domestic cartel. The Soviets are reported to claim their quota in the future must be 25%, against actual sales heretofore of 10%, and threaten, if their proposition is rejected, to back independent wholesalers with unlimited supplies in their fight against American oil concerns.

After a rather strained quarter-end, the money market is easier. Call money is down to 4½% after quarter-end rates of 6% and 7%. The Reichsbank is slowly recovering its foreign exchange holdings lost during the panic.

Current indicators fail to support the slightly improved business sentiment which is developing as a result of a clearing of the political situation and anticipated stabilization of public finance. The total number of unemployed increased during October by 223,000 to the record total of 3,253,000. Estimated automobile sales are down 16% this year; trucks, down 40%. While depleted retail stocks rouse hopes of early resumption of buying on a larger scale, hand-to-mouth buying is bound to continue while further price reductions on all commodities are the aim of all government policies.



Japan Gives Manchuria a Modern Port

Giant loading towers at the new coal pier built for the Japanese-owned South Manchuria Railway at Dairen and equipped by Alliance Machine Co.

Latin American Trade Shows Featureless Trend

Business is quiet. In Brazil, Dr. Vargas has declared a virtual dictatorship which may be good until immediate difficulties are ironed out, but which most persons are disinclined to view as a wise long-term policy. Much will depend on the economic reforms which the provisional president is able to bring about in the near future, and the proved sincerity of his promises for electoral reform. Exporters are shipping on a curtailed basis and maintaining close contact with local conditions through dealers.

Increasing rust reports from Argentina and fears that estimates on the new wheat crop may have to be revised downward, are influencing world wheat markets. Political conditions continue quiet. The arrival in the United States of the Argentine Ambassador Maldran is being celebrated by political and business interests as the formal renewal of closer trade relations between the two countries.

A high official in the Colombian government intimated to Bogotá business men that President Olaya will hold Congress in session until the new petroleum law and the 13 projects prepared by the Kemmerer Commission will have been approved.

The Ministry of Finance in the cabinet of Provisional President Luis M. Sanchez Cerro has issued a decree authorizing the Reserve Bank of Peru to engage Dr. Edwin Kemmerer to head a survey of the country's fiscal and economic structure. From authorities recently in Lima comes the rumor that there is agitation in the country for the government to seek a 5-year moratorium on foreign loans. Business generally expects at least a year will elapse before Peru can possibly regain any degree of stability as a foreign customer.

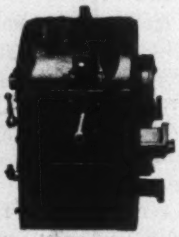
DESIGN IS ALL IMPORTANT IN SPEED REDUCERS

THE compactness, efficiency and reliability of G & F Speed Reducers recommends them for scores of applications. Seldom are operating conditions the same in any two cases. Basic design, and wide experience in adapting it to varying conditions, is all important in securing maximum efficiency.

That G & F Speed Reducers are basically correct in design is shown by their efficient operation on both standard and special applications. Many manufacturers have come to us when they needed special reduction units to drive new equipment. This is proof indeed of their faith in our knowledge of sound speed reducer design.

Whether your speed reduction problem requires a special or standard unit, you can rely on our experienced organization.

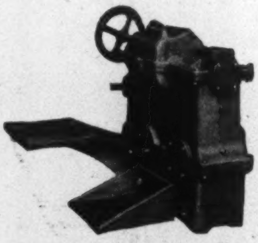
Special drive for mixing machine.



A special stoker drive designed and built by G & F.

G & F Products

Drop, Flat Hammer and Upset Forgings, Cut Gears
Speed Reducers
Rolling Mill Machinery
Special Machinery
Bridge Operating Mechanisms



An automatic coal stoker drive with three speed change gear box.

GEARS AND FORGINGS, INC.
General Offices: 3142 Woodhill Rd., Cleveland, Ohio, U. S. A.
District Offices: Chicago, Pittsburgh, Detroit, Buffalo, New York, Milwaukee, Indianapolis.
Factories: Cleveland, Chicago, Ford City, Pa.

G & F Type "A" Reducer driving car puller. Severe service with little attention.

GEARS AND INC. FORGINGS
SPEED REDUCERS

Miners Cooperate In Bruening Program

BERLIN (*By Cable*)—German miners have moved to cooperate with the Bruening economy program.

Early this week miners, particularly in the Ruhr area, declared their independence of the 8-hour day working agreement signed with operators in 1924. They demanded a return to a 7-hour day after Dec. 1.

Expect Price Cut

When the problem was submitted to an arbitration committee, an award was promptly handed down. Labor was asked, in view of the seriousness of the present situation and the importance to the entire country of immediate success for the wage-price cut program, to prolong their 8-hour agreement to Sept. 1, 1931. Their prompt consent is expected to bring from employers a further cut in the price of coal.

While the move is a distinct help to Germany, it practically precludes for the present the formation of an Anglo-German entente for a reduction of hours in the mines. Plans for this dual agreement had gone so far that the German Minister of Labor, Dr. Stegerwald, had scheduled conferences in London with important British officials for Nov. 17.

Labor Still Hopeful

Labor enthusiasts are not inclined to accept this most recent delay as a complete breakdown of Anglo-German negotiations. Despite the fact that earlier attempts to bring producers in these two countries into a cartel failed, growing competition is forcing more sympathetic interest on both sides. In Britain, miners, according to the 1930 Coal Act, are to go on a 7½-hour day Dec. 1. Certain adjustments may make it impossible to bring this schedule into nation-wide effect before Jan. 1. London ran into one complication this week when the miners' union served notice on employers that it will call a strike immediately if the reduction of hours is taken as an occasion for wage reductions.

With cooperative action pushed ahead 10 months, Germany has settled down to further price cuts. In an all-night session the Bruening cabinet decided to form a committee to coordinate and push government measures. Members include the Ministers of Finance, Food, Labor, and Economy, and Herr Luther, president of the Reichbank. This measure is indicative of the firm resolve of the government to fight out price reduction as the major issue.

Wage Award, Food Price Cuts Clear German Economic Skies

BERLIN (*By Cable*)—Not since the July emergency decrees and the Bruening financial program were announced has Germany received news of such great significance as this week's award in the metal trades wage dispute. The award, which both employees and employers agreed in advance to accept, provides for a wage cut of 3% to become effective Nov. 17, and an additional 5%, effective Jan. 18.

Equally significant in the vast government scheme for wage-price reduction is the successful termination of negotiations for reduced food prices. Bakers, after long haggling with the government, have agreed to cut the price of bread from 12 cents to 11 cents. To hard-pressed Berlin working people this will mean an annual saving of $2 millions. The Food Minister declares the saving totals $23 millions.

Wholesale Meat Down 20%

A second important price cut on food came when butchers agreed to reduce the spread between wholesale and retail prices on meat by 20%. On pork alone this means a saving of $40 millions, and 56% of the annual meat consumption is pork. Similar reductions in milk and potatoes are promised.

Though these moves alone cannot settle Germany's difficult economic adjustment, they are hailed in Germany and abroad as indicative of ultimate, though perhaps distant, success. Not only are Berlin's 140,000 metal trades workers affected by the wage award. Nearly 900,000 metal workers throughout Germany, and trade unions in various industries, have looked to this test case as a precedent. Observers report labor's willingness to accept the terms and make the best of it.

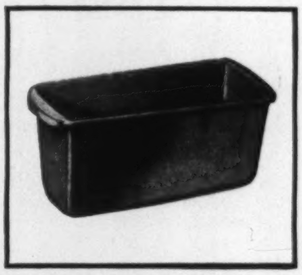
H.C.L. Must Come Down

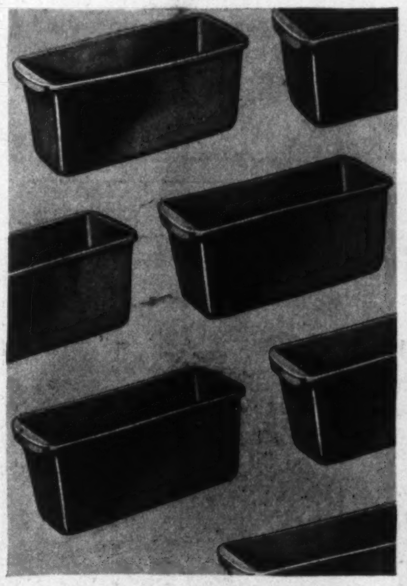
However, this passiveness all depends on the ability of the government to reduce the cost of living proportionately and promptly. Labor leaders are emphasizing the fact that during the year ending Oct. 31, while the general wholesale price index declined 12%, and the index of farm products 15.7%, the index of living costs receded only 5.3%. The large spread between producers' and consumers' prices, notably on foodstuffs, is openly resented by labor. Wage cuts are accepted, but if in the 2 months intervening between the first and second wage cuts, prices fail to come down, Chancellor Bruening will fail and Germany is likely to be plunged into new economic difficulties.

The arbitrators who handed down the award anticipate success, point out that a policy of general wage reductions is the only means of effectively combating unemployment. The total number of jobless on Oct. 31 was 3,253,000, an increase of 136,000 during the month. But the wage cut must not affect buying power. This throws on the government the burden of negotiating with retailers for further price cuts immediately. Hopeful sign is the enthusiastic reception of the award by manufacturers, who promise immediate and proportionate price reductions in the hope that the award will strengthen their endeavor to maintain and conquer foreign markets.

The price-reducing agreement in the

Turning Product
Improvement Ideas
Into Action *and* Profit





This refrigerator freezing pan, a G. P. & F. production, is seamless drawn copper and weighs only 21 ounces.

G. P. & F. Has Fifty Years' Experience to Guide You—

New and improved products are appearing with great rapidity . . . imposing heavy sales penalties on those who are losing time in turning product improvement ideas into action. In countless instances the improvements have been achieved by replacing castings, forgings and wood parts with pressed metal parts.

The engineering staff of G. P. & F. has a background of fifty years' experience to guide you in pressed metal design, saving you time and money and speeding your new or improved product to market.

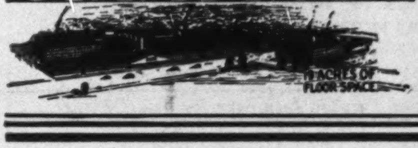
The expert advice and suggestions of G. P. & F. engineers safeguard against costly mistakes. They assure you every advantage not only of a long and varied experience, but also of the full possibilities of pressed metal fabrication and economical production which the 19-acre G. P. & F. plant provides.

Turn your product improvement ideas into action and profit by consulting G. P. & F. engineers. There is no obligation.

GEUDER, PAESCHKE & FREY CO.
Sales Representatives in Principal Cities in All Parts of the Country
1390 St. Paul Avenue, Milwaukee, Wis.
366 W. Ohio Street, Chicago, Ill.

▼ ▼ ▼

G.P.&F.
STAMPINGS



Send for
This Helpful
Booklet

"In Harmony With Modern Progress" was written to acquaint manufacturers with the complete story of what can be done with pressed metals. Send for your copy.

food industries is the first popular practical measure of the Bruening government after the unpopular taxation and social insurance decrees of last July, and may help materially to reconcile labor to the wage award, strengthen the position of Herr Bruening in the coming fight in the Reichstag over 30 difficult finance bills, and inspire the much - needed fresh confidence of business.

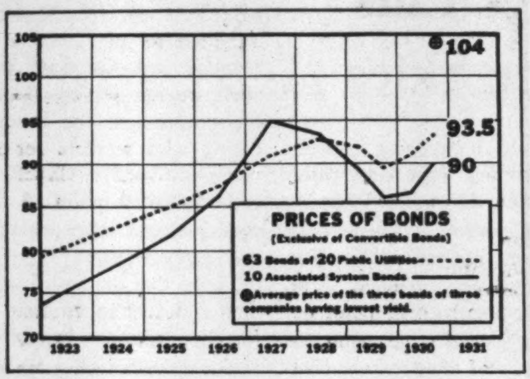
Balkan Conference Plans Agricultural Cooperation

EUROPEAN NEWS BUREAU (*By Cable*)—With the exception of Italy, and possibly Hungary, Europe is musing with a deal of satisfaction over the success of the first Balkan conference which has concluded its meetings in Athens. That age-old antagonisms could be so far forgotten as to allow Greece, Turkey, and Roumania to join with Jugoslavia, Bulgaria, and Albania in a series of discussions without shipwreck on traditional differences, has encouraged some optimism over prospects for the future of the Near East.

Business, particularly, was pleased when the conference organized itself into a self-perpetuating body structurally similar to the League of Nations. There is a permanent secretariat divided into sections which may be developed into separate institutes devoted to the study, among other problems, of economics and finance.

But the chief business significance is the extension to the Aegean area of the movement for agricultural coordination which was begun for Eastern Europe at the Warsaw and Bucharest conferences and which was directed toward cooperative efforts to deveolp export outlets for local products. This time it was tobacco, instead of grains. To this accomplishment, the meeting added a plan for developing coordinated credit and export facilities, for investigation of the possibilities for a common digression from the most-favored-nation clause and substitution of preferences based on a wheat sales quota basis, and for the consideration of the possibilities of a Balkan monetary union. Though supported by the Balkan governments, the conference was private in character and the resolutions are not binding officially.

The first Balkan conference is significant to business for what it portends. Subsequent developments which indicate a new unity of economic effort will mean much to world business.



The average price of bonds for each year represented above is computed in terms of a 5% bond maturing 30 years later.

These Bonds Are Underpriced

Our analysis of Associated Gas and Electric System Bonds and 63 similar bonds of 20 comparable situations proves conclusively that Associated bonds are underpriced.

Tests used by banks, insurance companies and investment banking houses, show that Associated System Bonds consistently make a better showing than the other bonds as a group.

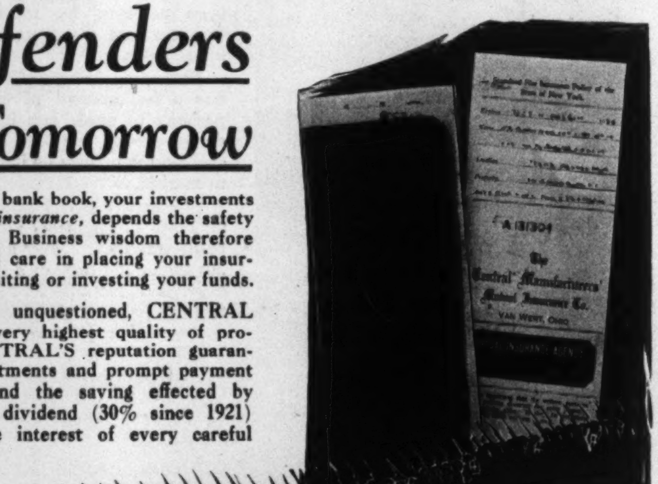
Ten plate charts, illustrating the results of our analysis, together with full explanation, are yours for the asking. Write, or telephone Bowling Green 3957 for Analysis K-89.

General Utility Securities
Incorporated
61 Broadway New York

Defenders of Tomorrow

UPON your bank book, your investments and *your insurance*, depends the safety of tomorrow. Business wisdom therefore demands equal care in placing your insurance and depositing or investing your funds.

With strength unquestioned, CENTRAL provides the very highest quality of protection. CENTRAL'S reputation guarantees fair adjustments and prompt payment of losses. And the saving effected by CENTRAL'S dividend (30% since 1921) commands the interest of every careful buyer.


A 131304
The Central Manufacturers' Mutual Insurance Co.
VAN WERT, OHIO

CENTRAL policies are written through local agents. Full information, with name of nearest representative, on request.

CENTRAL'S DIVIDEND SINCE 1921 HAS BEEN 30%

Organized 1876 The CENTRAL A Friendly Company
MANUFACTURERS MUTUAL INSURANCE COMPANY
C. A. L. PURMORT, *President* *Home Office:* VAN WERT, OHIO

Fire, Automobile and Tornado Insurance for Select Risks

What the Figures Show

	Latest Week	*Preceding Week*	*Year Ago*
THE BUSINESS WEEK INDEX OF GENERAL ACTIVITY	***79.3**	**81.5**	**105.9**
Production			
Steel Mill Operation (% capacity)	**43**	**47**	**73**
Building Contracts (F. W. Dodge, daily average in thousands, 4 weeks basis)	**$12,182**	**$12,688**	**$15,727**
Bituminous Coal (daily average, 1,000 tons)	***1,686**	**†1,742**	**1,878**
Petroleum (daily average, 1,000 bbls.)	**2,297**	**2,363**	**2,631**
Total Electric Power (millions K. W. H.)	***1,870**	***1,890**	**1,950**
Trade			
Car Loadings (daily average, all classes, 1,000 cars)	**156**	**160**	**179**
Check Payments (outside N. Y. City, millions)	**$5,088**	**$4,730**	**$7,658**
Money in Circulation (daily average, millions)	**$4,506**	**$4,467**	**$4,853**
Wheat Receipts (1,000 bushels)	**6,823**	**4,690**	**7,075**
Cotton Receipts (1,000 bales)	**603**	**659**	**657**
Cattle Receipts (1,000 head)	***180**	**†268**	**235**
Hog Receipts (1,000 head)	***511**	**†557**	**571**
Wool Receipts (1,000 lb.)	**3,377**	**2,006**	**4,675**
Prices (Average for the Week)			
Wheat (No. 2, hard winter, Kansas City, bu.)	**$0.71**	**$0.74**	**$1.18**
Cotton (middling, New York, lb.)	**$0.110**	**$0.113**	**$0.175**
Iron and Steel (composite, ton)	**$31.98**	**$31.98**	**$36.09**
Copper (electrolytic, lb.)	**$0.094**	**$0.093**	**$0.178**
All Commodities (Fisher's Index, 1926-100)	**82.2**	**82.4**	**93.3**
Finance			
Total Loans and Discounts, Federal Reserve reporting member banks (millions)	**$16,796**	**$16,764**	**$18,489**
Commercial Loans, Federal Reserve reporting member banks (millions)	**$8,715**	**$8,707**	**$9,743**
Brokers' Loans, New York Federal Reserve member banks (millions)	**$2,235**	**$2,454**	**$4,172**
Federal Reserve System Ratio	**81.2**	**81.8**	**69.5**
Stocks Sold (N. Y. Stock Exchange, 1,000 shares)	**11,285**	**10,665**	**22,516**
Stock Prices (N. Y. Times, average 50 stocks)	**$157.69**	**$166.31**	**$202.37**
Bonds Sold (N. Y. Stock Exchange, par value, thousands)	**$40,218**	**$46,348**	**$70,623**
Bond Prices (Dow, Jones, average 40 bonds)	**$95.83**	**$95.99**	**$93.25**
Interest Rates—Call Loans (daily average)	**2.0%**	**2.0%**	**6.0%**
Interest Rates—Time Loans (daily average)	**2-2¼%**	**2½-2¾%**	**6%**
Business Failures (Dun, number)	**489**	**502**	**402**

***Preliminary** **†Revised**

CONTINUED hesitation on the part of the more important industries has nullified the hopeful signs appearing in the ranks of trade and sends *The Business Week* index of general activity into constantly lower levels. As November opens, our preliminary index reached 79.3% of normal compared with 81.5% the preceding week and 105% a year ago, at the height of the stock market panic. Though department store sales have maintained their usual upward trend through October, and currency circulation moves in the customary seasonal way, it has been left to the small steel consumer to swell the unfilled tonnage account of the Steel Corporation. Stabilized prices are expected to stimulate the larger buyers, but since delivery will undoubtedly be postponed until 1931, the steel industry will have little need of raising its operation rate in the next two months.

Steel Tonnage

The October steel tonnage of 2,720,414 tons as reported by the American Iron & Steel Institute is a 5% decrease from September and represents an operating rate of little over 50% as against 55% the preceding month. Though the tonnage decline is small, the month has invariably shown at least a small increase since the compilation of this data in 1917. The Dow, Jones estimated rate of operations for the week of Nov. 10 at 43% of capacity marks a considerable decline from the preceding weeks. Our adjusted index based on this estimate has fallen from 64.2% of normal to 58.8%.

The decline in steel operating activity, according to the trade journals, should be discounted to some extent as the result of seasonal influences coupled with extremely conservative business policies. The low inventories in the hands of manufacturers together with efforts to stabilize prices on the more important steel products are expected to bring a sharp increase in activity early in 1931. Automobile production shows signs of slight revival after the steady decline to the estimated 156,743 units for October as compared with 230,888 in September. The October order of freight cars numbered 3,291 as against 565 in September, but in 1929 a total of 17,207 were scheduled for construction. Fabricated structural awards totaled 35,000 tons against 32,000 the preceding week, while new projects for 62,000 tons are pending.

The report of a 57,425 ton gain in tonnage unfilled on the books of the Steel Corporation at the end of October caused considerable surprise to many who were ready for only a slight increase, or even a decrease. The explanation lies in the low operating rate of the company together with the influence of a large number of small contracts which attracted little individual attention, but which accumulated into an impressive total. Much of the tonnage represents rail orders to be held for 1931 rolling.

Building contracts awarded for the first week of November were larger than in the two preceding weeks, but somewhat below the awards of early October. Hence our adjusted index, which is based on the past four weeks' awards, has declined to 62.8% of normal against 66.9% the preceding week. Residential awards accounted for 37% of the week's awards, but the daily average rate is below the October figure. The week's activity in the metropolitan New York area, though below that of the preceding month, showed continued strength in the residential field with 62% of the awards in this category. As forecast last week, the October building awards for 37 states as compiled by the F. W. Dodge Corp. showed a slight increase over September, a total of $337,301,400 being contracted against $331,863,500. Compared with a year ago, a decline of over 24% from the total of $445,642,300 was shown. Residential contracts totaled $104,670,300, or 31% of all awards and were the largest since May. Public works, amounting to $111,195,900 or 33% of the total, were nearly 10% above the September awards and 30% above the October, 1929, awards. Six of the 13 Dodge districts showed an improvement in October over September.

Coal and Electric Power

Bituminous coal production and electric power output have both declined for the latest week, but coal tonnage is still above the 10 million a week level reached the preceding week. Our adjusted preliminary index of this series stands at 75.9% of normal against 78.7% the previous week.

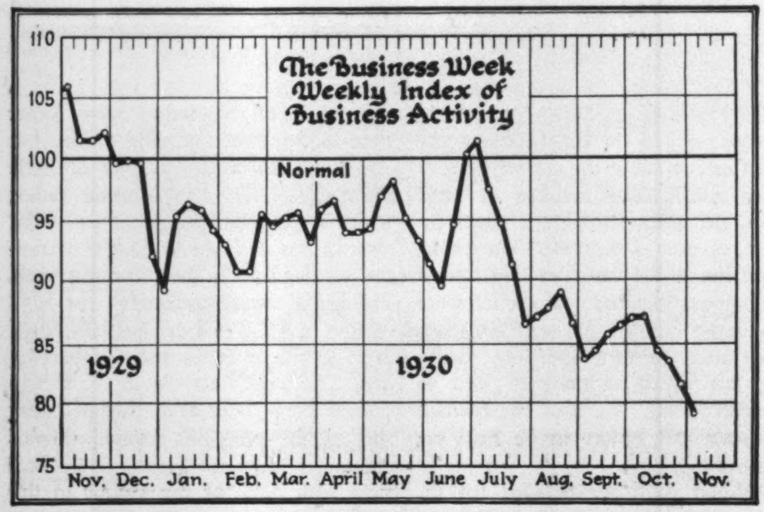
Our adjusted index of electric power production declined to 93% of normal compared with 94.8% the week preceding. The September data just published by the Geological Survey showed a normal seasonal increase over August at a level almost 4% below a year ago. The early months of 1930 showed output of 1%-5% above the 1929 level, which increase has been cancelled by almost equal declines since May.

The drop in freight car loadings was somewhat less than the usual amount at this season, but this may be due in part to the fact that this year loadings never reached a weekly total over one million cars. The average weekly loadings for 1930 will be barely over 900,000 cars, the lowest since 1922. The week's declines occurred in every classification but grain and less-than-carlot consignments, the principal decreases being in coal and miscellaneous freight. Our adjusted index based on the two major groups of miscellaneous and less-than-carlot freight increased from 80% of normal to 80.6%, as a result of less than a seasonal decline in the actual data.

Check payments in cities outside of New York increased over 7% during the week, even though there were but five business days in many centers. The drop in payments in the New York and Philadelphia districts nearly cancelled the increases in the remaining 10 districts. Debits for 141 cities including New York were little more than 1% above the last week of October, indicating the low level of activity in the stock market. Our adjusted index based on the group of 140 cities and averaged with the index of the preceding week declined from 87.5% of normal to 85.3%. The October bank debits show the usual seasonal increase over September, but the $10 billion total in the 131 cities is below every October since 1924.

Money in Circulation

The trend of money in circulation has been fairly regular in comparison with previous years, the first week of each month showing increased circulation. Our adjusted index stands at 99.6% of normal against last week's index of 98.8%. October department store sales have shown nearly a 9% increase over September, a somewhat sharper rise than in the preceding two years, but less than the usual increase of 1919-1927.



The Business Week's weekly index of general business activity, first of its kind, is based on eight series of weekly figures—steel mill operations, building contracts, bituminous coal production, electric power output, non-bulk carloadings, check payments outside New York, commercial loans of reporting Federal Reserve member banks, and currency in circulation. It shows the current level of the average daily physical volume of business as compared with the normal for the season and the year. Normal, represented by 100, is what the current volume of general business activity should be if the usual seasonal changes and year-to-year growth had occurred. For further explanation of the index see *The Business Week*, May 7, 1930, p. 39.

The rise in the domestic price of copper from 9½¢ to 10¢ a pound and the pronouncement of a policy of holding to current quotations by large steel producers outweigh the irregularities which still persist in other markets. The curtailment of output by copper producers the world over is expected to change the situation from a buyer's market to a seller's market.

The announcement by the Grain Stabilization Corp. that it would demand delivery on 10 million bushels of wheat contracts caused declines on deferred deliveries and stiffening of December wheat after Monday's trading had driven wheat to new lows. Uncertainty over the situation in Argentina and Russia continues as bearish factors. The government November corn crop report which showed an increase of nearly 48 million bushels was regarded as bearish by the trade in spite of the fact that the crop is the smallest since 1901. The government also reported a 17% shortage in the supplies of grain used for stock feed, but the continued price weakness of these feed supplies indicates the declining farm purchasing power and reduced livestock.

Bank credit expanded somewhat, largely as a result of security and commercial loans. Investments fell, though they are $1 billion above 1929. The slow rise in commercial loans this week has placed our adjusted index at 103.6% of normal against 103.5% the preceding week. The increase came largely from the Boston district.

Money and the Market

THE anniversary week of 1929 low prices in the stock market saw quotations drop to new low prices for 1930. It also saw a rise in stock prices beginning Tuesday which was more sustained and carried prices forward more vigorously than since the beginning of the latest bear market during the second week of September. During the 10 weeks stocks have moved forward for 3 consecutive days only once before and then prices gained less than during the present week's movement.

Volume of trading this week also was larger than any since the first week of September, though, of course, much less than during the culmination of the downward sweep a year ago. A rising volume of trading has, in the past, frequently marked the culmination of a trend in stock prices.

Low Prices Untested

The low prices of the first of the week are entirely untested as the chart on this page reveals. But market students point out that the lows of last year were not tested until almost a year later, when, last month, they proved vulnerable.

Wall Street immediately began to feel better. Of course nothing makes the Street feel better than a rising market, and a let up, even though temporary, from the dreary weeks of almost steady decline in prices.

Industrials and utilities rallied most emphatically, but even the heavily pounded rails rose somewhat. Yields on stocks throughout the market compare favorably with other investments, even leaving out of account instances where dividends are not assured from earnings. Brokers and statistical services point this fact out emphatically.

Many unfavorable factors still face stocks and will remain effective for weeks and even months. Business is still in the doldrums and earnings for the fourth quarter of the year will, in many cases, compare unfavorably with even the gloomy third quarter reports. Failures and reorganizations continue in considerable number. The present week saw some of major importance in several sections of the country and abroad. More are probable. Continued weakness in the bond market remains a cause of grave concern.

Yet, for the first time in several weeks, favorable factors have appeared. The rise in copper prices encouraged the market greatly, and the copper stocks went up. Price strength in a commodity as weak as copper, following near-stabilization in the average level of commodity prices, was optimistically interpreted. Leading agricultural commodities fell with the market, then rose with it. The rumor of a favorable Federal Reserve statement was revived after long quietness, and, though denied, encouraged many.

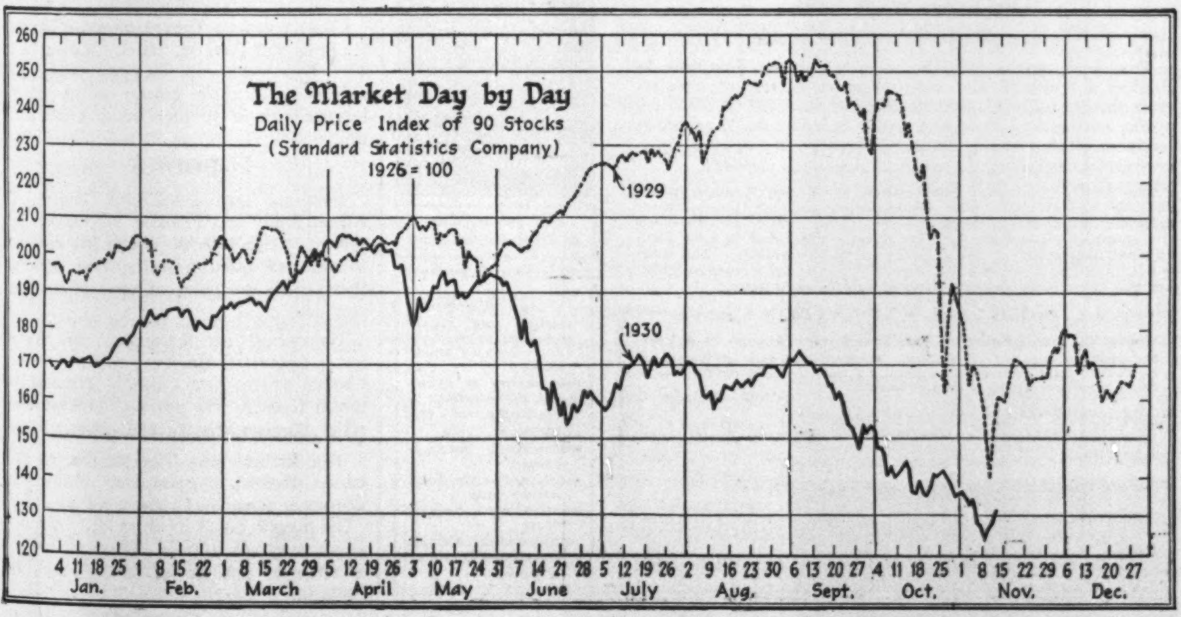
Favorable monetary forces appeared too. Brokers' loans reported weekly by the Federal Reserve banks dropped $219 millions, one of the largest declines in recent weeks. The total now is $2,235 millions, lowest since the figures have been reported, beginning 1926. The total includes loans on bonds as well as on stocks, and the low level indicates a more thorough cleaning out of margin accounts than has been known.

The figures reported monthly by the New York Stock Exchange give the same indication. These loans dropped $925 millions in October to $2,556 millions, the lowest figure ever recorded. This week the Exchange's compilation showed the ratio of loans to total listed stocks at 4.65 as of the end of October, the lowest ratio ever, and comparing with from 8 to 10 in recent years.

More Optimism Over Stocks

New York banks were widely reported to be more optimistic on stocks this week, with some officials advising their friends to buy. Willingness to lend on securities continues. Figures reveal that for several weeks loans direct to customers on securities by New York City banks have been increasing. These are exclusive of loans to brokers and dealers.

Money rates were unchanged again. The Federal Reserve shows a renewed determination to hold money at the level of recent weeks even though it may be unwilling to go any further. A rise in borrowings by member banks in the New York district amounting to $27 millions in recent weeks was wiped out by bill purchases this week. Business financing is being done almost entirely in New York city this fall, and funds have been moving steadily to New York from the rest of the country.



The Market Day by Day
Daily Price Index of 90 Stocks
(Standard Statistics Company)
1926 = 100

Dictate Today

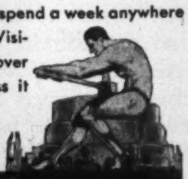
"Please Reserve . . .

hotel accommodations in New York for my visit to this year's National Exposition of Power and Mechanical Engineering."

A week inspecting the exhibits and discussing your interests with the specialists in attendance will show you how to lower production costs, prune payrolls, improve products, open new markets.

You couldn't possibly spend a week anywhere to better advantage. Visitors come from all over the world. Don't miss it yourself.

Ninth National Exposition of Power and Mechanical Engineering
GRAND CENTRAL PALACE—NEW YORK
December 1 to 6—1930



Attractive Sub-Lease

CHICAGO

Attractive Chicago Sub-Lease. Entire floor approximately 9,000 square feet. New building on Michigan Avenue near Wrigley Building and Tribune Tower. Available in whole or part, three to five years lease, very reasonable.

For information write

HENRY MEYER
520 North Michigan Avenue
Chicago

NEWS

—the most compelling message that can be put into type. Business news is the subject matter of The Business Week.

Can business conditions be *successfully* forecast?

RECENT developments have left some executives in doubt. With many previously-accepted indicators often disagreeing and in some cases shooting wide of the mark, it will pay you and every other far-sighted executive to read this searching analysis of business cycles and forecasting methods.

ECONOMIC RHYTHM

***By* Ernst Wagemann**
President of the Statistical Office of the German Reich.
With a foreword by Wesley C. Mitchell.

This book makes available to you for the first time in English a thorough and comprehensive review of business cycle theory and advanced methods of forecasting. Written by the outstanding European figure in this field, it critically analyzes all that has been done in creating a theory of business cycles, including the work of American services.

Production, employment, movements of goods, foreign trade, business transactions, credit conditions, commodity prices, interrelations among the prices of commodities, securities and loans are all represented independently. Conclusions are based in part upon an analytical study of the changes in these variables. The book is not offered as a cure-all, but it points you toward a more penetrating and dependable interpretation of current conditions.

McGraw-Hill FREE EXAMINATION Coupon

McGraw-Hill Book Company, Inc., 370 Seventh Avenue, New York.
You may send me, for 10 days' free examination, a copy of Wagemann's ECONOMIC RHYTHM, $3.00, postpaid. I agree to remit for the book or return it postpaid within 10 days of receipt.

Name ....

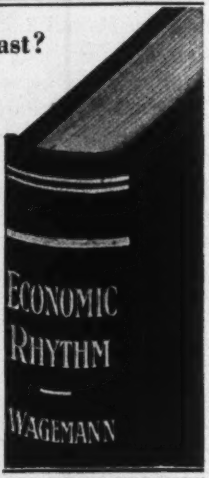
Home Address ....

City and State ....

Position ....

Company ....

(Books sent on approval in U. S. and Canada only.) BW 11-19-30



287 pages, 6x9, 53 illustrations, $3.00

Topics include:
- ***origin and development of modern business cycle theory***
- ***relations of cyclical movements***
- ***causation of the business cycle***
- ***economic fluctuations***
- ***phases of the business cycle***
- ***economic barometers***
- ***movement of business considered as a whole***

Wide Reading

HOW MUCH IS AN EXECUTIVE WORTH? E. P. Poole. *Factory and Industrial Management,* November. Appraisal of 5 existing classes of extra compensation for executives.

THE NEW HEAD OF THE FEDERAL RESERVE. William Hard. *Review of Reviews,* November. Informal sketch of Eugene Meyer.

AMERICAN BIG BUSINESS AND THE SOVIET MARKET. William C. White. *Asia,* November. Economic and industrial conditions, with special emphasis on problems of credit.

REGULATION OF TAXICABS AS A PUBLIC UTILITY. *Electric Railway Journal,* November. New York decides there are too many taxis. The Mayor's commission urges operation under a single franchise in co-ordination with all other transit agencies.

SPEEDING UP SPEED LAWS. Peter F. O'Shea. *North American Review,* November. Traffic suggestions for the next decade when speed will have made its next increase from 50 to 75 miles an hour.

THE AMERICAN CAN COMPANY. *Fortune,* November. Story of a company which has played a growing part in making apartment life possible.

THE REAL HOOVER. Ashmun Brown. *Forum,* November. Detailed survey of the successes of the present administration and a personal interpretation of the man now occupying the White House.

SNOW REMOVAL. *Electric Railway Journal,* November. Conditions and practices for snow removal on 12 properties. Modern methods for the forehanded.

SANTA FE RAILWAY BUILDS NEW LINE TO MEXICO. *Engineering News-Record,* Nov. 6. Another indication of closer business relations with Mexico, with Kansas City looking for new business in Mexico City.

TAXPAYERS, AS WELL AS RAILWAYS, ARE VICTIMIZED. Daniel Willard. *Railway Age,* Nov. 8. The railroads point out that waterway construction is financed by the public and operations are subsidized.

CHAINS VERSUS INDEPENDENTS. Edward G. Ernst and Emil M. Hartl. *Nation,* Nov. 12. First study—on the price war—of a survey of 24 chain grocery stores and 21 independents in 10 representative communities.

BOOKS

BUSINESS LIFE INSURANCE TRUSTS. C. Alison Scully and Franklin W. Ganse. Appleton, 277 pp., $2.50. Use of life insurance to preserve stability in business organizations; from the point of view of the business man.

HANDBOOK OF SCIENTIFIC AND TECHNICAL SOCIETIES AND INSTITUTIONS OF THE UNITED STATES AND CANADA. National Research Council, 352 pp., $3. Lists societies, their addresses, history, and object.

TAX RACKET AND TAX REFORM IN CHICAGO. Herbert D. Simpson. Institute for Economic Research, Chicago, 300 pp., $2.50. "The biggest racket of them all." A picturesque story of current American politics; a scientific analysis of a big city's tax problem.

Export Line Will Carry Russia's Atlantic Freights

RUSSIA continues to figure in the news in a prominent way.

Outstanding development in the United States was the signing of an agreement with The Export Steamship Corp. whereby all freight moving from North Atlantic ports to Soviet ports on the Black Sea will be carried by ships of the American Export Line. The contract is for 3 years and is said to cover the largest bulk movement of freight from a single source since the close of the War. The Export Line will use 10 of its 24 ships in the new service and will charter other ships from the Shipping Board if necessary.

Outgoing freight for the Soviet bulks large. In July and August, orders were placed with American firms for $40 millions of American farm machinery (*The Business Week*, Aug. 13). Export Line boats will begin late this month carrying the tractors and plows which make up most of these orders. Sailings, until orders increase, are scheduled for 3 a month. Last year shipments started later (*The Business Week*, Jan. 15), but were also carried by Export Line boats on a 1-year contract basis. Russia has no transatlantic shipping service. Early this year the Soviets purchased from the Shipping Board 5 vessels for $287,000 which carried one shipment from New York to Russia but which are prohibited by contract from competing in the transatlantic trade to the United States for 5 years (*The Business Week*, Feb. 26).

Canada Incensed

Canadians are running into keen Soviet competition in the salmon market, and are protesting roundly to London the acceptance of the Russian product rather than the Canadian.

With the largest salmon pack in history on its hands—2,100,000 cases—British Columbia packers are worried. While 80% of the United States product is sold at home leaving small room for worry over Soviet competition in world markets, the Canadians depend on foreign markets for the sale of 80% of their year's catch. Soviet salmon is reported to be selling in Britain at 50 cents to 75 cents a case less than the Canadian price. Canadians admit that labor costs can account for the difference but contend that the British market should give preference to the Canadian product because all canning machinery is bought in England and British bottoms carry all shipments abroad.

In London, more details of the contract between the British firm, Merchant Trading Co., and the Russians for the purchase by the British of the entire output of 4 Russian door factories have been revealed (*The Business Week*, Nov. 12). Not only are the Swedish and American door manufacturers out of an agency, but their competition is stiffened by the fact that the Soviet product is being sold now under an organized British plan by a recognized company. Selling at 5s 9d, Russian doors are undercutting the Swedish product 1s.

Scotch Seek Credit Aid

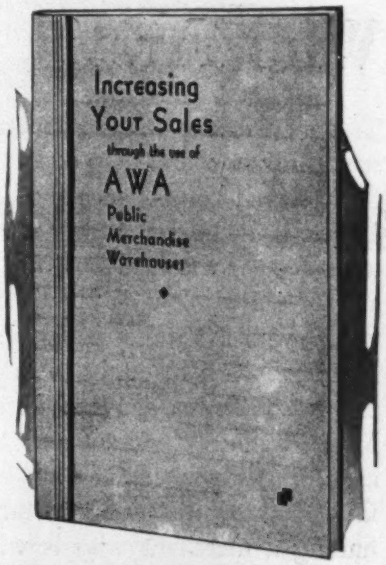
Scotch shipbuilders along the Clyde are attempting to land Russian contracts for new bottoms to carry growing Soviet exports of oil, timber, and general freight. Unable to meet Russia's demand for 30 months credit on these orders, they are appealing to the government for an extension of the government export guarantees to cover the project.

Well-informed Americans declare that there is no foundation for France's most recent fright over Russian dumping. The claim that the Soviets are preparing to dump 400,000 tons of sugar on the European market is vigorously denounced as unfounded propaganda. It is admitted that Russia may have some sugar to export from this year's crop, but it is denied that she can possibly export more than the 300,000 tons which she purchased from Cuba early this summer to make up a deficit in last year's crop.

Add Luxury Services On British Trains

ENGLAND has a new luxury train. The London & North Eastern Railway, already in the speed and luxury class with the "Flying Scotsman," has introduced individual bedrooms to night travelers between London and Edinburgh. In each car are 10 separate bedrooms arranged in pairs so that they can be converted into double rooms by means of communicating doors. In each room is a full-size walnut bed.

This is the free book ..... ALERT EXECUTIVES are reading ....



Write today for Your Copy!

Learn how the A. W. A. warehousing system enables you to improve your distribution methods, increase your sales and cut your costs of doing business.

CONDITIONS today force business men to cut sales expense and at the same moment increase sales efficiency.

Thoughtful executives will do well to consider the advantages of distributing their products to wholesalers, retailers and consumers through the system of public merchandise warehouses established by members of the American Warehousemen's Association in 189 cities of the United States, Canada, Cuba and Hawaii.

These responsible, reliable warehouses are located in every distribution center of importance; and furnish all necessary facilities and services required for strategic spot-stock distribution of raw materials, manufactured articles and service parts of every kind.

In effect, these warehouses become your branch house in each city you select... storing and distributing your goods... receiving your mail and handling your orders... doing your billing if you wish, and receiving remittances... making bank deposits to your account... keeping in touch with you through daily sales and stock reports.

Costs are based on the number of units of your goods that are handled. Flexibility in controlling costs enables you to expand your business without risk, and make important savings by using our warehouses instead of operating your own branches at fixed overhead.

Write today for copy of booklet describing the A. W. A. warehousing system. Address the Merchandise Warehouse Division, American Warehousemen's Assn., 1807 Adams-Franklin Bldg., Chicago, Ill.

AMERICAN
WAREHOUSEMEN'S
ASSOCIATION

THE BUSINESS WEEK
The Journal of Business News and Interpretation

November 19, 1930

Who First?

THE man in the street is being urged to buy something now and help business—apples, anything—even bonds, since the economist of the largest bank in the world tells us it would be too risky for the banks to buy many. We are all for "Buy Now" campaigns. Every individual who has some money and a job, and is sure of having it, ought to buy everything he can reasonably afford and even a little more. Most of those who can, and some who can't, are doing so, when they are lucky enough to find anything they want to buy, which means finding a merchant who is willing to take a chance on ordering it from a wholesaler, who is willing to take a chance on ordering it from a manufacturer, who is willing to take a chance on making it. But even though he is willing and able, we don't see why the man in the street should be expected to take all the risk and all the initiative in saving the republic.

This recipe for recovery starts at the wrong end. The power and responsibility in checking deflation and promoting business improvement runs in this irreversible order:

First, the central banks—which means mainly the Federal Reserve banks of this country—who, by buying enough government securities can force commercial banks to buy bonds, create a good market for long-term investments of every kind, and restore confidence among investors. We have said enough about that in recent issues, and will drop it with a prayer.

Second, the commercial banks, who might conceivably encourage the public to buy bonds, or business men to make some long-term commitments, if they themselves acted as though this country and its standards of living would survive for the next 5 years and they were willing to stake some of the enormous surplus of idle funds in their hands on it for longer than 90 days. We have already said too much about that, and now drop it like a red-hot brick.

Third, American business concerns, whose aggregate buying power, represented in corporate surpluses, is far larger than that of the man in the street, and, when exercised, would be more effective in giving him employment and confidence in using his own buying power freely, than anything he can do himself.

Last on the list comes the individual citizen, who can justifiably draw upon his savings or borrow on his earnings, and spend or invest when, but only when, all the foregoing gestures of faith have given him confidence in the security of his earning power and his investment.

All buying starts with the purchase by somebody of pieces of paper testifying to someone's faith in the stability of the nation and the ability of its citizens to produce wealth. The actual turnover of goods which makes business starts with the buying by business concerns of plant, equipment, labor, materials, and ideas necessary to produce that wealth. If every business concern in this country would start now and spend for each person employed a dollar a day more than it is now spending on plant, equipment, materials, research, advertising, or anything that will help to make its products better, cheaper, more widely distributable, the deficit of only 10% below normal in the total business turnover of the country would be quickly filled.

Business revival can come only by buying; buying, only by confidence; both must come from the top down. To business men we say, forget the central banks; but pray for energy and enlightenment among their leaders. Forget the commercial banks; but make them loan you some money to do some buying now. When, with or without their aid, you have filled your quota, then and then only look to the man in the street to fill his. You'll then find that you can forget all about that, too.

Published weekly by the McGraw-Hill Publishing Company, Inc. Tenth Avenue and 36th Street, New York. Tel. Medallion 0700. Price 15 cents. Subscription rate, $5.00 a year; foreign, $6.00
Publishing Director, Jay E. Mason

Managing Editor, Marc A. Rose
News Editor, Ralph B. Smith
Economist, Virgil Jordan
Art Director, Perry Githens
Marketing, O. Fred Rost
Finance, D. B. Woodward
Aviation, E. P. Warner
Industrial Production, K. W. Stillman
Transportation and Utilities,
Cameron A. Robertson
J. F. Chapman
F. A. Huxley
R. I. Carlson
Washington, Paul Wooton
Chicago, John Millar
European News Director.
Elbert Baldwin
7 Boulevard Haussmann, Paris
Cable Address: Busweek, Paris